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FISCAL IMPACT REPORT



SPONSOR: Campos DATE TYPED: 02/07/02 HB _____

SHORT TITLE: NMFA Water & Wastewater Projects SB 50

ANALYST: Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
\$150,000.0				Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 40 and SB 51

SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)
LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 50 appropriates \$150 million from the General Fund to the Water and Wastewater Grant Fund for the purpose of granting funds to qualified governmental entities statewide.

Significant Issues

The 1999 Legislature created the Water and Wastewater Facility Grant Fund Program (WWGF) within the NMFA for the purpose of awarding grants for water and wastewater projects to qualified entities. The funds for the program are derived from the net proceeds of the sale of bonds authorized by law and payable from governmental gross receipts tax. The grant fund is also authorized to receive money appropriated by the legislature as well as other public or private monies. The 1999 legislation specifically authorized the issuance of bonds payable from an amount

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of GGRT not to exceed 35% of the GGRT deposited in the Public Project Revolving Fund (PPRF), less debt service on \$25 million in bonds sold by the NMFA to fund loan and grant programs at the Environment Department.

The Water and Wastewater Grant Fund is also used to combine the NMFA's low-cost, low-interest rate loan financing with grants for water and wastewater projects. For example, if a qualifying entity is unable to finance a project fully with loan funds, the entity could apply for a partial grant from grant fund and a partial loan from the PPRF. A local match could be determined by a sliding scale based on the applicant's financial capability to repay a portion of the project from local resources.

Law's 2001, Chapter 345, provided legislative authority to the NMFA to make grants from the WWGF for water and wastewater projects to 72 entities statewide. The bill contained a general fund appropriation totaling \$40.9 million, including a \$1.3 million set aside for "emergency" water and wastewater grants. Unlike previous years, the bill authorized specific dollar amounts for each entity. The specific authorization did not guarantee that projects would receive funding. Criteria and rules established by the NMFA governing board and approved by the NMFA Legislative Oversight Committee must be met to qualify for assistance from the Water and Wastewater Grant Fund.

FISCAL IMPLICATIONS

The appropriation of \$150,000.0 contained in this bill is a non-recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY02 shall not revert to the general fund. Senate Bill 50 requests legislative authorization to make grants for 152 water and wastewater projects statewide totaling \$312,000.0.

RELATIONSHIP

Senate Bill 40 creates the Water and Wastewater Planning Fund within NMFA to fund preliminary engineering reports for entities seeking funding from public agencies. The planning fund program would likely fund engineering reports for projects authorized in Senate Bill 50. Senate Bill 51 authorizes the New Mexico Finance Authority (NMFA) to provide loans to 208 capital projects across New Mexico from the Public Project Revolving Fund. Senate Bill 51 does not make or require a legislative appropriation, but rather authorizes the NMFA, as required by the NMFA Act, to make loans for infrastructure projects around the state. This bill would benefit 136 separate state and local government entities by allowing them to borrow for infrastructure projects at below market costs, based on terms and conditions established by the NMFA.

LMK/njw:ar