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FISCAL IMPACT REPORT

SPONSOR: Fidel DATE TYPED: 2/10/03 HB _____
 SHORT TITLE: County Revenue Bonds for NMFA Debt SB 44\A SFC
 ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From

Department of Finance and Administration

SUMMARY

The Senate Finance Committee amendment clarifies that PILT bonds can be issued for new or preexisting loans provided by the NMFA.

Synopsis of Bill

Senate Bill 44 amends Section 4-62-1 NMSA and allows a county to issue "Payment In Lieu of Taxes" (PILT) revenue bonds to repay all or part of the principle and interest of an outstanding loan owed by the county to the New Mexico Finance Authority. A county may pledge irrevocably all or part of PILT revenue for the payment of interest and principle of the outstanding loan.

OTHER SUBSTANTIVE ISSUES

DFA notes that PILT monies, generated from offshore-oil-drilling royalties, are provided by the Federal Government to help counties make up for tax revenues lost because of large tracts of un-taxable federal land inside the counties' borders. Appropriation amounts may be recommended by the U.S. President and the U.S. Congress. However, PILT funding could theoretically be reduced, increased or vetoed. In some cases, PILT payments make up 44 percent of a county's tax base. President Bush has proposed reducing the compensation payments from \$210 million this year to \$165 million next year.

SS/yr