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## FISCAL IMPACT REPORT

SPONSOR: Leavell DATE TYPED: 1/28/03 HB \_\_\_\_\_

SHORT TITLE: Drinking Water Loan Fund Appropriation SB 109

ANALYST: L. Kehoe

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
\$1,610.5				Non-recurring	PPRF

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act  
Relates to Appropriation in the General Appropriation Act

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
\$1,160.5			Non-recurring	DWRLF

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files  
New Mexico Finance Authority (NMFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 109 appropriates \$1,610.5 from the public project revolving fund (PPRF) to the drinking water state revolving loan fund (DWRLF) to provide a 20% state match for a capitalization grant from the federal Environmental Protection Agency for implementation of the Drinking Water State Revolving Loan Fund Act. The bill includes an emergency clause.

Significant Issues

The purpose of the Drinking Water Revolving Loan Program is to improve and protect drinking water quality and public health by providing public authorities in New Mexico with low-cost financial assistance in the construction and rehabilitation of necessary drinking water facilities through the creation of a revolving loan fund program. The program responsibilities are divided between NMFA and New Mexico Environment Department (NMED). The collaborated effort is intended to provide a more efficient use of state, federal and local funds; provide for better coordination with existing funding sources at NMFA and elsewhere; allow faster disbursement of funds to projects; and provide a more centralized and coordinated approach to water infrastructure financing.

As of December 2002, the loan capacity in the DWRLF was approximately \$14 million.

**FISCAL IMPLICATIONS**

The appropriation of \$1,610.5 contained in this bill is a non-recurring expense to the public project revolving loan fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2003 and subsequent years shall not revert to PPRF.

**TECHNICAL ISSUES**

Senate Bill 109 should be amended to reflect the appropriation contained in the bill is intended as a state match. Suggested amendment: On page 1, line 19, between the words “years” and “to” insert the words “as a 20% state match for a federal capitalization grant.”

**POSSIBLE QUESTIONS**

1. The federal Safe Drinking Water Act allows up to 31 percent in set-asides for technical and administration costs for the Drinking Water state Revolving Loan Fund. However, only 12 loans have been made since the inception of the program in 1997. Why ?

LMK/njw