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FISCAL IMPACT REPORT

SPONSOR: Ponce DATE TYPED: 2/28/03 HB 93/aHGUAC

SHORT TITLE: Local Government Investment Criteria SB _____

ANALYST: Gilbert

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
		\$0.1 See Narrative	Recurring	County Funds
		\$0.1 See Narrative	Recurring	Municipal Funds

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 40

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of HGUAC Amendment

The House Government and Urban Affairs Committee amendment to House Bill 93 makes the following changes:

Removed from HB 93, on page 3, line 1 through 3, is language allowing local governments to invest county or municipal permanent funds, equaling \$15 million or more, in the same manner as funds of the state treasurer are invested.

HB 93/aHGUAC also changes the investment authority for local government permanent funds as follows:

(1) if the fund is less than ~~five~~ ten million dollars (~~(\$5,000,000)~~, (\$10,000,000)) it shall be invested as other funds of the local government; and

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(2) if the fund is ~~five~~ ten million dollars ~~(\$5,000,000)~~ (\$10,000,000) or over ~~to fifteen million dollars (\$15,000,000)~~, it may be invested as funds of class A counties are invested. ~~and~~

Synopsis of Original Bill

House Bill 93 amends NMSA 1978, § 6-6-19, which relates to creation and investment of local government permanent funds.

Significant Issues

This bill adds investment authority language to NMSA 1978, § 6-6-19 (D), specifying how local government permanent funds may be invested:

- If the fund is less than \$5 million, it shall be invested as other funds of the local government;
- If the fund is \$5 million to \$15 million, it may be invested as funds of Class A Counties are invested; and
- If the fund is \$15 million or more, it may be invested as funds of the state treasurer are invested.

According to the Department of Finance and Administration (DFA), the intent of this bill is to better safeguard local government permanent funds.

FISCAL IMPLICATIONS

Limitation of investment options may impact overall investment returns for local government permanent funds.

RLG/sb/njw