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FISCAL IMPACT REPORT

SPONSOR: HAFC DATE TYPED: 03/07/03 HB CS/259/aHAFC
 SHORT TITLE: University Sports Facilities Acquisition Act SB _____
 ANALYST: Kehoe

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|-----------|-----------------------------|------|----------------------|---------------|
| FY03 | FY04 | FY03 | FY04 | | |
| | \$8,000.0 | | | Non-Recurring | SOBBF |
| | | | | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 496/aHTRC

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of HAFC Amendment

House Appropriations and Finance Committee Amendments to HAFC Committee Substitute to House Bill 259 rename the “State Office Building Bond Fund” to “State Building Bonding Fund” and renames “State Office Building Acquisition Bonding Act” to “State Building Bonding Act.” The fiscal years for expenditure are changed to 2004 through 2006 rather than 2003 through 2006. The amendments further require that debt service for bonds issued pursuant to the State Office Building Acquisition Bonding Act must be fulfilled for fiscal years 2004 and 2006 prior to appropriating funds for the purposes of this bill.

Item 5 of HAFC amendments strike 2005, thereby eliminating the requirement that debt service need not be fulfilled for fiscal year 2005 prior to appropriating funds from the State Office Building Bonding Fund for acquisition of a university sports facility. If this was not intended, the amendment requires correction.

The amendments to this bill are contingent upon passage of House Bill 496/aHTRC. HB 496/a amends current law to rename the State Office Building Acquisition Bonding Act and the State Office Building Bonding Fund.

Synopsis of Substitute Bill

House Appropriations and Finance Committee Substitute for House Bill 259 appropriates \$8,000.0 from the State Office Building Bond Fund (SOBBF) to the Board of Regents of New Mexico State University for the acquisition of a university sports facility with conditions.

Significant Issues

The bill provides a funding source for New Mexico State University to acquire a sports facility with partial funding derived from SOBBF administered by the New Mexico Finance Authority. The funds are appropriated contingent on three conditions: 1) all debt service obligations must have been met for fiscal years 2003, 2004 and 2005 pursuant to the State Office Building Acquisition Bonding Act; 2) the appropriation must not impair the bonds to which the SOBBF is dedicated; and 3) New Mexico State University must obtain a loan of at least \$4,000,000 from NMFA or by providing \$4,000,000 from other university bonds or other resources for the acquisition of a university sports facility.

The bill contains an emergency clause.

FISCAL IMPLICATIONS

The appropriation of \$8,000.0 contained in this bill is a non-recurring expense to the State Office Building Bonding Fund. The bill does not contain a reversion provision for unexpended funds.

Current law (Laws of 2001, Chapter 199) provides a financing source for the purchase of state office buildings by earmarking a distribution of state gross receipts tax of up to \$500,000 per month or \$6 million per year to buy and build state office buildings. NMFA is authorized to sell up to \$75 million in Gross Receipts Tax Revenue Bonds to allow the Property Control Division (PCD) of the General Services Department to acquire certain state buildings and property for use as state office buildings. To date, NMFA has financed the first series of State Office Building Tax Revenue Bonds in the amount of \$34.7 million to purchase the NEA building, construct the West Capitol complex, and acquire land for the State Highway & Transportation Department. Of the first issuance of bonds, projects totaling \$10 million (NEA building acquisition, \$5 million and Jaguar Road acquisition, \$5 million) have been delayed or canceled. Issuance of any portion of the remaining \$40.3 million is unlikely during fiscal year 2003, inasmuch as the PERA board has refused the sale of their building.

According to NMSU, gross receipt tax revenues to the state derived from non-athletic events alone could increase by approximately \$92,500 per year.

OTHER SUBSTANTIVE ISSUES

The current New Mexico State University athletic facility is over 30 years old and no major upgrades have been made to the facility since its construction in the 1960's. It has become increasingly difficult to attract performers and the general public to events because of the poor design and condition of the facilities. This bill would provide NMSU with a better position to compete with new facilities located in El Paso at the University of Texas campus and at Texas Tech University for athletic events in the Sun Belt Conference.

LMK/njw:ls