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FISCAL IMPACT REPORT

SPONSOR: Garcia, MH DATE TYPED: 2/26/03 HB 842

SHORT TITLE: Bonds for Sunland Park Drive Improvement SB _____

ANALYST: Reynolds-Forte

REVENUE

Estimated Revenue		Subsequent Years Impact (FY06 through FY17)	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(900.0) to (1,280.0)	(900.0) to (1,280.0)	Recurring	State General Fund (Gaming Tax)
	900.0 to 1,280.0	900.0 to 1,280.0	Recurring	Highway Project Debt Service

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 975

SOURCES OF INFORMATION

Responses Received From
State Highway and Transportation Department

SUMMARY

Synopsis of Bill

HB842 provides for a new annual distribution of up to \$1.5 million per year from Gaming Tax revenue to the state road fund to pay for debt service on highway debentures (bonds) issued to finance improvements to Sunland Park Drive. Bonds could be issued in 2005 for an amount not to exceed \$12 million. The project is added to the statute limiting bonded indebtedness for state highway debentures; however, the bill does not adjust the total aggregate outstanding principal limit.

FISCAL IMPLICATIONS

HB 842 provides that gaming tax revenues which are currently distributed to the general fund be diverted into the state road fund to pay for debt service on highway debentures issued to finance improvements to Sunland Park Drive.

The Sunland Park Drive project will provide for expansion and reconstruction of Sunland Park Drive from two lanes to four lanes from Doniphan Drive in Texas, to McNutt Road in New Mexico. The State of Texas has agreed to the Texas portion of the project. The portion addressed by this bill includes a new bridge over the Rio Grande, and a new four-lane highway from the state line to McNutt Road. The project would provide a connection to both Interstate-10 and Mesa Avenue (State Highway 20) as well as a connector to the NM State highway system on McNutt Road. This connector will also serve the international port of entry at Santa Teresa, New Mexico by connecting the Port of Entry with Interstate-10 and ports of entry in the City of El Paso.

The possibility exists that the under the Federal Transportation Funding Bill about \$5 million in federal funds may be available for this project under the BOR/COR (Borders and Corridors) special funding category. Assuming the federal funding is approved, only about \$8 million in state funds would be required for the project.

Annual debt service on an \$8 million to \$9 million project (assuming the \$4 million in federal funds finances a portion of the project) would be about \$0.9 million to \$1.0 million per year.

Annual Debt service on a \$12 million project would be about \$1.28 million per year.

RELATIONSHIP

HB 975 contains \$12.7 million for funding for this same Sunland Park project.

TECHNICAL ISSUES

It is unclear whether the total aggregate outstanding principal limit on bonds needs to be amended in Section 2, Subsection D of the bill.

OTHER SUBSTANTIVE ISSUES

The State Highway and Transportation Department notes that while facilities in the Sunland Park area may indeed make significant contributions to Gaming Tax revenue, the precedent of “returning” particular revenue to the community in which it is generated may be expected to be taken up by many other communities. Continuing assaults on general fund revenue for particular community infrastructure projects might result from establishing such a precedent.

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