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FISCAL IMPACT REPORT

SPONSOR: Larranaga DATE TYPED: 02/24/03 HB 864

SHORT TITLE: Wastewater Facility Construction Loan Fund SB _____

ANALYST: Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
\$3,000.0				Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
\$3,000.0			Non-Recurring	WFCRLF
\$13,000.0			Non-Recurring	Federal

(Parenthesis () Indicate Revenue Decreases)

Duplicates HCOR 1250 and SCOR 781

SOURCES OF INFORMATION

Environment Department (ED)
LFC Files

SUMMARY

Synopsis of Bill

House Bill 864 appropriates \$3,000,000 from the General Fund to the Wastewater Facility Construction Loan Fund for the purpose of making low-interest wastewater construction loans to eligible entities.

Significant Issues

House Bill 864 appropriates \$3 million to the Environment Department (ED) to match federal funds totaling \$13 million to capitalize the Wastewater Facility Construction Revolving Loan Program administered by ED for the purpose of constructing wastewater collection and treatment facilities in the state to eligible entities. The Wastewater Facility Construction Revolving Loan Fund (WFCRLF) is restricted to low-interest loans with a current interest base rate of three percent to one percent, with some communities qualifying for hardship interest rates of zero. Eligible entities include municipalities, counties, sanitation districts, and Native American tribes or pueblos with resources to repay the loans.

To date, the state matches and federal allotment of funds to New Mexico has enabled ED to complete over \$126 million in the construction of wastewater facilities statewide. ED currently has a priority list indicating there is over \$276 million in unmet wastewater infrastructure needs for communities in New Mexico. The current uncommitted balance in WFCRLF is \$6 million.

FISCAL IMPLICATIONS

The \$3,000.0 appropriation contained in this bill is a non-recurring expense from the general fund to the Wastewater Facility Construction Revolving Loan Fund. Any unexpended or unnumbered balance remaining at the end of a fiscal year shall not revert to the general fund. The state has until September 2003 to provide a \$3 million match to qualify for a federal allotment of \$13,000.0 for the Wastewater Facility Construction Revolving Loan Program.

DUPLICATION

House Bill 864 duplicates HCOR 1250 and SCOR 781. However, HCOR 1250 and SCOR 781 requests severance tax bond funding as a match for the program rather than general funds.

The Executive capital recommendation includes a \$3 million match from Rural Infrastructure Fund balances for the Wastewater Facility Construction Revolving Loan. However, provisions of the Rural Infrastructure Act require that funds be used to make loans and grants to local entities, individually or jointly, for “water supply” or “wastewater facilities.” The Wastewater Facility Construction Revolving Loan Program is intended for constructing wastewater facilities only. The commingling of the two funds may violate the intended purpose of both Acts.

TECHNICAL ISSUES

House Bill 864 should be amended to reflect that the \$3 million appropriation is a state match for a federal Environmental Protection Agency grant of \$13 million.

The following amendments are offered:

On page 1, line 11, between the word “appropriation” and “to”, insert the words “for a match”

On page 1, line 16, between the words “fund” and “to,” insert the words “to the state environment department for a state match to a federal Environmental Protection Agency grant”; and

On page 1, line 16, change the word “to” to “for”

LMK/njw