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FISCAL IMPACT REPORT

SPONSOR: Harrison DATE TYPED: 03/12/03 HB HJR 30

SHORT TITLE: MCKINLEY COUNTY PROPERTY TRANSFER SB _____

ANALYST: Geisler

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
		(\$250.0)	Non-Recurring	Property Control Reserve Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Rehoboth-Red Mesa Foundation (RRMF)
General Services Department (GSD)

SUMMARY

Synopsis of Bill

HJR 30 authorizes the transfer of real property located in McKinley County near Gallup, New Mexico. The Rehoboth-Red Mesa Foundation transferred the property by warranty deed to the State of New Mexico in 1963 to the State Police headquarters. The property would return to the Rehoboth-Red Mesa Foundation for one dollar.

Significant Issues

The property in question is the old headquarters for the New Mexico State Police on Route 66 in the Gallup area. Per GSD, a new state police headquarters was built in 1999 on land purchased from the Rehoboth-Red Mesa Foundation for \$250,000. That negotiation included an agreement that the Rehoboth-Red Mesa Foundation purchasing the old headquarters building and other improvements for \$255,000. This purchase has not been completed.

The Property Control Division (PCD) of the General Services Department (GSD) holds the title to the property. PCD suggests an amendment to allow a property exchange for land adjacent to the new State Police building of value equal to the improvements on the land that will revert to

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the Rehoboth-Red Mesa Foundation. (see amendments)

The RRMF provided the following rationale for the return of the property:

1. The Warranty Deed for the property from the Christian Reformed Church Board of Home Missions in 1963 contains the provision “that the parcel of land hereby conveyed be used for STATE POLICE purposes only and that no other business or subleasing be permitted.” The building is currently not being utilized for State Police purposes. Other uses by the state are problematic considering the deed restrictions.
2. The RRMF has reason to believe that the understanding among the parties involved in the original transaction was that the property was deeded to the State Police of New Mexico in order to construct a temporary State Police building and that the property would be returned to the board of Home Missions when the site was no longer needed. Furthermore, the RRMF believes that the financial remuneration for the sale was nominal. Thus, the return of the property would allow the State to honor the undocumented understanding that surrounded this sale.
3. The Rehoboth-Red Mesa Foundation, as a New Mexico non-profit, and the owner of the adjacent property is in a position to develop the property and bring in jobs and revenue to McKinley County. The deed restrictions as well as the purposes of the organization require it to develop property in ways that are beneficial, not harmful to the community.

FISCAL IMPLICATIONS

Per GSD, a State Police field office was constructed on this site in the mid-1960s. The building was appraised in 1999 at \$255,000 as part of a transaction with Red Mesa Foundation that involved them selling 3+ acres appraised at \$250,000 to PCD on which to locate the new State Police office in Gallup (authorized in Laws 1998, Chapter 7, Section 10, Subsection E and Chapter 118, Section 14, Subsection O). At the same time, Red Mesa Foundation was to purchase the unused building on the property subject to HJR 30. The effect of this prior transaction was to be cost neutral to both parties.

GSD states that HJR 30 results in a gain for Red Mesa Foundation of \$255,000, and a loss to the State of New Mexico of \$250,000.

AMENDMENTS

From GSD:

On page 3, line 8 replace “consideration of one dollar (\$1.00)” with “appraised value” or allow equal value land trade.

GGG/yr:njw