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## FISCAL IMPACT REPORT

SPONSOR: Cisneros DATE TYPED: $\underline{\text { 2/12/03 }}$ HB $\qquad$
SHORT TITLE: Amend Small Cities Assistance Act
SB
275
ANALYST: Neel

## REVENUE

| Estimated Revenue |  | Subsequent <br> Years Impact | Recurring <br> or Non-Rec | Fund <br> Affected |
| :---: | :---: | :---: | :---: | :---: |
| FY03 | FY04 |  | $(\$ 1,400.0)$ | Recurring |
|  | $\$ 1,400.0$ | $\$ 1,400.0$ | General Fund |  |
|  |  |  | Recurring | Qualifying Cities |

(Parenthesis () Indicate Revenue Decreases)
Relates to:
HB 322, Amend Small Cities Assistance Act

## SOURCES OF INFORMATION

LFC files

## Responses Received From

Taxation and Revenue Department (TRD)
Department of Finance and Administration (DFA)

## SUMMARY

## Synopsis of Bill

Senate Bill 275 amends the Small Cities Assistance Act (Sections 3-37A-1 to 3-37A-3 NMSA 1978) to revise the distribution formula for municipalities qualifying for small cities assistance. The proposed formula would increase the annual distributions to currently eligible small cities. It does not expand eligibility to new cities. The proposal increases the minimum distribution amount to $\$ 35,000$ and removes the $\$ 50,000$ limit for the maximum distribution amount. The population criteria for establishing minimum and maximum distribution amounts are also removed.

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## FISCAL IMPLICATIONS

FY 2004 impacts:
The proposal would affect General Fund revenue because under the present law formula, not all of the small cities fund revenue is distributed to small cities. The remaining funds revert to the General Fund. The proposal would increase the distributions in such a way that it would eliminate the annual reversion to the General Fund. The provisions of Section 4 ensure the balance in the small cities assistance fund would accumulate for a full year prior to the FY 2004 distribution. The fund balance at that time is expected to be approximately $\$ 4.8$ million. The expected distribution in the absence of this legislation is expected to be approximately $\$ 3.4$ million.

## FY 2003 impacts:

The department expects to distribute FY 2003 small cities assistance funds in February. Since the distribution will be made before March 1, the general fund reversion would be limited to the amount remaining in the small cities assistance fund under Section 4 of the proposal. Under current law, the balance reverts immediately after distribution. Thus, there is no fiscal impact in FY 2003.

TRD completed the below listed table to show the effects of the proposed legislation.

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| CITY | Current Assis- <br> tance | Proposed Assistance | Difference |
| :---: | :---: | :--- | :--- |
|  |  |  |  |

Small Cities Assistance Distribution Formula: Current vs. Proposal—Fiscal Year 2003
(Estimated Small Cities Assistance Fund Balance as of January 2003)

| CITY | Current Assistance | Proposed Assistance | Difference |
| :---: | :---: | :---: | :---: |
| Angel Fire | 30,000.00 | 35,000.00 | 5,000.00 |
| Aztec | 35,000.00 | 70,292.23 | 35,292.23 |
| Bayard | 50,000.00 | 70,292.23 | 20,292.23 |
| Belen | 25,000.00 | 35,000.00 | 10,000.00 |
| Bernalillo | 35,000.00 | 70,292.23 | 35,292.23 |
| Bloomfield | 35,000.00 | 70,292.23 | 35,292.23 |
| Bosque Farms | 50,000.00 | 70,292.23 | 20,292.23 |
| Capitan | 50,000.00 | 70,292.23 | 20,292.23 |
| Carrizozo | 50,000.00 | 70,292.23 | 20,292.23 |
| Causey | 30,000.00 | 35,000.00 | 5,000.00 |
| Chama | 37,573.31 | 35,000.00 | $(2,573.31)$ |
| Cimarron | 50,000.00 | 70,292.23 | 20,292.23 |
| Clayton | 50,000.00 | 70,292.23 | 20,292.23 |
| Cloudcroft | 30,000.00 | 35,000.00 | 5,000.00 |
| Columbus | 50,000.00 | 70,292.23 | 20,292.23 |
| Corona | 30,000.00 | 35,000.00 | 5,000.00 |
| Corrales | 35,000.00 | 70,292.23 | 35,292.23 |
| Cuba | 30,000.00 | 35,000.00 | 5,000.00 |
| Des Moines | 30,000.00 | 35,000.00 | 5,000.00 |
| Dexter | 50,000.00 | 70,292.23 | 20,292.23 |
| Dora | 30,000.00 | 35,000.00 | 5,000.00 |
| Eagle Nest | 30,000.00 | 35,000.00 | 5,000.00 |
| Edgewood | 30,000.00 | 35,000.00 | 5,000.00 |
| Elephant Butte | 50,000.00 | 70,292.23 | 20,292.23 |
| Elida | 30,000.00 | 35,000.00 | 5,000.00 |
| Encino | 30,000.00 | 35,000.00 | 5,000.00 |
| Espanola | 25,000.00 | 70,292.23 | 45,292.23 |
| Estancia | 50,000.00 | 70,292.23 | 20,292.23 |
| Eunice | 50,000.00 | 70,292.23 | 20,292.23 |
| Floyd | 30,000.00 | 35,000.00 | 5,000.00 |
| Folsom | 30,000.00 | 35,000.00 | 5,000.00 |
| Fort Sumner | 50,000.00 | 70,292.23 | 20,292.23 |
| Grady | 30,000.00 | 35,000.00 | 5,000.00 |
| Grants | 35,000.00 | 70,292.23 | 35,292.23 |
| Grenville | 30,000.00 | 35,000.00 | 5,000.00 |
| Hagerman | 50,000.00 | 70,292.23 | 20,292.23 |
| Hatch | 50,000.00 | 70,292.23 | 20,292.23 |
| Hope | 30,000.00 | 35,000.00 | 5,000.00 |
| House | 30,000.00 | 35,000.00 | 5,000.00 |
| Hurley | 50,000.00 | 70,292.23 | 20,292.23 |
| Jal | 50,000.00 | 70,292.23 | 20,292.23 |
| Jemez Springs | 43,993.00 | 43,129.08 | (863.92) |

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| Lake Arthur | 50,000.00 | 70,292.23 | 20,292.23 |
| :---: | :---: | :---: | :---: |
| Logan | 50,000.00 | 70,292.23 | 20,292.23 |
| Lordsburg | 50,000.00 | 70,292.23 | 20,292.23 |
| Los Ranchos | 35,000.00 | 70,292.23 | 35,292.23 |
| Loving | 50,000.00 | 70,292.23 | 20,292.23 |
| Lovington | 35,000.00 | 70,292.23 | 35,292.23 |
| Magdalena | 50,000.00 | 70,292.23 | 20,292.23 |
| Maxwell | 50,000.00 | 60,558.86 | 10,558.86 |
| Melrose | 50,000.00 | 70,292.23 | 20,292.23 |
| Mesilla | 50,000.00 | 70,292.23 | 20,292.23 |
| Milan | 30,000.00 | 35,000.00 | 5,000.00 |
| Moriarty | 30,000.00 | 35,000.00 | 5,000.00 |
| Mosquero | 30,000.00 | 35,000.00 | 5,000.00 |
| Mountainair | 50,000.00 | 70,292.23 | 20,292.23 |
| Pecos | 50,000.00 | 70,292.23 | 20,292.23 |
| Questa | 50,000.00 | 70,292.23 | 20,292.23 |
| Raton | 35,000.00 | 70,292.23 | 35,292.23 |
| Red River | 30,000.00 | 35,000.00 | 5,000.00 |
| Reserve | 49,725.91 | 48,834.34 | (891.57) |
| Roy | 44,420.71 | 43,720.36 | (700.35) |
| Ruidoso | 25,000.00 | 35,000.00 | 10,000.00 |
| Ruidoso Downs | 30,000.00 | 35,000.00 | 5,000.00 |
| San Jon | 30,000.00 | 35,000.00 | 5,000.00 |
| San Ysidro | 30,000.00 | 35,000.00 | 5,000.00 |
| Santa Clara (Central) | 50,000.00 | 70,292.23 | 20,292.23 |
| Santa Rosa | 30,000.00 | 35,000.00 | 5,000.00 |
| Socorro | 35,000.00 | 70,292.23 | 35,292.23 |
| Springer | 50,000.00 | 70,292.23 | 20,292.23 |

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| T or C | $35,000.00$ |  |  |
| :--- | :--- | :---: | :---: |
| Taos | $30,000.00$ | $70,292.23$ | $35,292.23$ |
| Taos Ski Valley | $30,000.00$ | $35,000.00$ | $5,000.00$ |
| Tatum | $33,997.77$ | $35,000.00$ | $5,000.00$ |
| Texico | $50,000.00$ | $70,292.23$ | $1,002.23$ |
| Tijeras | $30,000.00$ | $35,000.00$ | $20,292.23$ |
| Tucumcari | $35,000.00$ | $70,292.23$ | $5,000.00$ |
| Tularosa | $50,000.00$ | $70,292.23$ | $35,292.23$ |
| Vaughn | $50,000.00$ | $64,452.50$ | $20,292.23$ |
| Virden | $40,339.28$ | $40,009.84$ | $14,452.50$ |
| Wagon Mound | $50,000.00$ | $62,044.39$ | $(329.44)$ |
| Willard | $50,000.00$ | $61,399.83$ | $12,044.39$ |
| Williamsburg | $50,000.00$ | $70,292.23$ | $11,399.83$ |
|  |  |  | $20,292.23$ |
| All Small Cities Assi stance: | $\mathbf{3 , 3 0 0}$ |  |  |

SN/yr

