

NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Sharer DATE TYPED: 2/17/03 HB _____

SHORT TITLE: Economic Stimulus Bonding Act SB 612

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(50,000.0)		Recurring	General Fund (Ending Balance)
	(5,500.0)		Recurring	General Fund (Gross receipts)
	(55,000.0)		Recurring	Economic Stimulus Bonding Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 614 allows the NMFA to issue “economic stimulus anticipation bonds” in an amount not to exceed \$500 million. The bonds are payable from excess general fund revenue and shall have a differential rate as is consistent under the statutes governing the Severance Tax Permanent Fund-only the STPF can purchase the bonds.

Excess General Fund Revenue is defined as ¼ of 5% of prior year appropriations. Presumably, this distribution shall be made from general fund reserve balances. In any case, \$5.5 million of the general fund gross receipts tax distribution shall be distributed to the new bonding fund.

FISCAL IMPLICATIONS

This is a companion piece to the sponsor’s tax cut legislation. Using a \$4 billion estimate for appropriations leads to the \$50 million estimate in the revenue table.

OTHER SUBSTANTIVE ISSUES

Since the transfer is predicated on appropriations, it is not clear what the link is to the economic development motives noted in the legislative findings section.

The other non-market rates STPF investments are heavily collateralized. It is unclear whether this proposal would conflict with the prudent investor rule that governs the investment of the permanent funds.

SS/yr