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FISCAL IMPACT REPORT

SPONSOR: Rawson DATE TYPED: 03/06/03 HB _____

SHORT TITLE: Dona Ana Magistrate Court Financing SB 820

ANALYST: Hayes

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
\$5,000.0				Nonrecurring	AOC/Other State Funds
			\$294.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 60

Conflicts with SB 584

Relates to Appropriation in the General Appropriation Act

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
\$5,000.0		See Narrative	Nonrecurring	Special Bond Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From

Administrative Office of the Courts (AOC)

New Mexico Finance Authority

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Bill 820 authorizes the New Mexico Finance Authority to issue up to five million dollars

(\$5,000,000) in revenue bonds for the purpose of financing the acquisition of real property for, *or* the design, construction, furnishing or equipping of a new magistrate court building in Las Cruces for the Dona Ana magistrate district.

The net proceeds from the sale of the bonds are appropriated to the Administrative Office of the Courts for this purpose.

Significant Issues

1. The Administrative Office of the Courts is currently seeking funds to conduct a study to determine whether it would be more cost effective to buy or lease a court building in Las Cruces. The actual cost to build a new courthouse is unknown, but AOC claims that \$5 million will probably not be sufficient to buy the land and construct a courthouse building.
2. The Dona Ana County courthouse will need 34,000 square feet, according to the AOC, to operate efficiently and decrease overcrowding. If a new magistrate courthouse is built in Las Cruces, there will be recurring operating costs associated with owning this building. For example, the magistrate court will need to pay operating expenses associated with maintenance, repairs and utilities of the building. Currently, they do not. AOC estimates that the Dona Ana magistrate court would need approximately \$294,000 in additional recurring funding for operating expenses.
3. The issuance of an additional \$5,000,000 in revenue bonds will increase the debt service payment currently being made to service \$57,900,000 of revenue bonds issued to finance the Bernalillo County Metropolitan Court building still under construction. BCMC is also requesting an additional \$3.9 million bond issuance (SB 584). An amortization schedule should be completed in order to determine the impact of issuing all of the additional revenue bonds. Section 34-9-16(D) states: "... up to one million five hundred thousand dollars (\$1,500,000) of any money on deposit in the special bond fund account in excess of that combined total of the principal, interest and other expenses or obligations related to the bonds coming due in that fiscal year shall be transferred annually to the magistrate and metropolitan court capital fund." The increased debt service payment resulting from this legislation and from SB 584 could reduce the availability of the \$1,500,000 transferred to the Magistrate and Metropolitan Court Capital Fund on an annual basis.

FISCAL IMPLICATIONS

- The revenue bonds are paid with court facilities fees which are assessed and collected by the courts. Any fluctuation in the assessment and collection of these fees may have an adverse effect on paying the committed debt service payments.
- In today's interest rate environment, \$5 million in tax-exempt bonds would require approximately \$525,000 in annual revenues to support the debt and meet the parity debt revenue requirement on the Bernalillo County Metropolitan Court Facilities Revenue Bonds which utilizes the same revenue stream. The bond issuance authorized by SB 820 must maintain a 1.25 times revenue coverage, according to NMFA, to ensure a sufficient fund balance in the Court Facilities Fund to pay the debt service.

- In the current version of the General Appropriations Act, AOC has received approval to use \$800.0 from the Magistrate and Metropolitan Court Capital Fund to pay for increased magistrate courthouse leases in FY04. Magistrate courts also want to use money from this fund to complete its statewide video arraignment project (761.0). In addition, Bernalillo County Metropolitan Court is also requesting \$1.8 million to supplement other funding acquired for construction costs. With so many projects/courts attempting using the same revenue stream for their initiatives, it is unclear whether sufficient funding will be available for them given the increased debt service.

CONFLICT AND RELATIONSHIP

SB 60 increases the number of judgeships and court clerks at the Dona Ana County magistrate court. If SB 60 is enacted, there will not be enough office space at the current court building to house the new staff.

SB 584/a conflicts with SB 820 which provides up to \$3.9 million in additional revenue bonds to complete the Bernalillo County Metropolitan Court from the same funding source identified in this bill.

POSSIBLE QUESTIONS

1. What is the current caseload per judge in the Dona Ana County magistrate court? How does that compare to other magistrate courts in New Mexico? How are space needs determined for the size of a courthouse?

CMH/yr