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## FISCAL IMPACT REPORT

SPONSOR Garcia DATE TYPED 01/22/04 HB \_\_\_\_\_

SHORT TITLE NMFA Water Project Fund Loans SB 110

ANALYST Kehoe, L.

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
		NFI			

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files  
New Mexico Finance Authority (NMFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 110 authorizes NMFA to make loans or grants from the water project fund to 17 qualified entities for water projects.

### FISCAL IMPLICATIONS

Laws 2003 (Chapter 134) requires the Board of Finance to authorize and issue bonds for 10 percent of the severance tax bonding capacity each year for deposit in the Water Project Fund. Money in the Water Project Fund may be used to make loans or grants to qualified entities for projects determined by the Water Trust Board and approved by the Legislature. Money from the severance tax bonds may not be used to pay indirect project costs, and any unexpended balance from proceeds of severance tax bonds issued for a water project shall revert to the Severance Tax Bonding Fund within six months of completion of the water project. NMFA is responsible for monitoring and ensuring proper reversions.

The 10 percent set-aside of severance tax bond capacity for FY04-05 will provide approximately \$12.6 million to the Water Project Fund for eligible water projects. Eligible water projects are defined as those involving: 1) the storage, conveyance or delivery of water to end-users; 2) the

implementation of federal Endangered Species Act collaborative programs; 3) the restoration of watersheds; 4) flood prevention; 5) conservation; or 6) for recycling, treatment or reuse of water.

**ADMINISTRATIVE IMPLICATIONS**

NMFA currently administers the Water Project Fund and provides staff support to the Water Trust Board.

**LMK/lg:yr**