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FISCAL IMPACT REPORT

SPONSOR Campos DATE TYPED 1/30/04 HB _____

SHORT TITLE Create Highlands Loan Fund SB 279

ANALYST Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
\$1,397.6				Non-Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to Appropriation in the General Appropriation Act

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
\$1,397.6			Non-Recurring	New Highlands Loan Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB 336

SOURCES OF INFORMATION

LFC Files

No Responses

Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

Senate Bill 279 creates the Highlands Loan Fund in the state treasury to be administered by the Secretary of Finance and Administration (DFA), and appropriates \$1, 397,550 to the fund. Income earned from investment of the fund shall be credited to the fund.

This bill carries an emergency clause.

Significant Issues

The Highlands Loan Fund shall be used to solve liquidity problems at NM Highlands University caused by the late payment of federal funds. When the need arises, the university will apply to the DFA Secretary and specify the particular program giving rise to the liquidity problem. The loan shall bear no interest and shall be repaid to the fund within thirty days of payment to the university on the account receivable.

FISCAL IMPLICATIONS

This bill creates a new Highland Loan Fund. The appropriation of \$1,397,550 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY04 and succeeding fiscal years shall not revert to the general fund.

Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

OTHER SUBSTANTIVE ISSUES

This request was not included in the NMHU Board of Regents request to the CHE. Consequently, the Commission did not review it.

AMENDMENTS

The following language is suggested for all new recurring higher education programs and expansion of current programs (assuming that funding will continue beyond FY05):

“The institution receiving the appropriation in this bill shall submit a program evaluation to the Legislative Finance Committee and the Commission on Higher Education by August 2007 detailing the benefits to the State of New Mexico from having implemented this program over a three period.”

LB/yr