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## FISCAL IMPACT REPORT

SPONSOR Snyder DATE TYPED 02/11/04 HB 388

SHORT TITLE Capital Projects Review Act SB \_\_\_\_\_

ANALYST Gilbert

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
\$300.0				Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: SB 340

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From:

Public Education Department (PED)  
Energy, Minerals & Natural Resources Department (EMNRD)  
Department of Finance and Administration (DFA)  
New Mexico Corrections Department (NMCD)  
New Mexico Public School Finance Authority (PSFA)  
Cultural Affairs Department (CAD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 388 appropriates \$300 thousand from the general fund to the Legislative Council Service (LCS) for expenditure in fiscal years 2004 and 2005 to support the Capital Projects Review Committee (CPRC) and to pay staff and contractual costs as necessary to meet CPRC goals and responsibilities.

This bill enacts the Capital Projects Review Act (CPRA) and creates the CPRC. The CPRC is a permanent interim legislative committee composed of twelve-members: six members appointed by the Speaker of the House and six members appointed by the Senate President Pro Tempore.

The purpose of the CPRC is to evaluate and prioritize statewide and local capital outlay projects

and to monitor and oversee projects authorized by the Legislature to ensure that appropriations are expended in an equitable and cost-effective manner. The CPRC must make a report of its priority listing of capital projects and other findings and recommendations for the legislature by December 1 of each year.

Staff for the CPRC would be provided by the LCS. The LCS may, subject to legislative appropriation, appoint and employ, by entering into contracts, such professional, technical and clerical assistance as necessary to carry out the provisions of the CPRA.

### Significant Issues

The CPRC shall consider the following when evaluating and prioritizing capital project requests:

- Critical needs of the state;
- Whether the project meets a critical need;
- Whether the project is needed to address a health and safety concern;
- A project's priority on either a state or local capital improvement plan;
- Consideration of the ability to phase the project if necessary and the availability of funding to complete at least one full, workable project phase;
- The ability of the ultimate governmental recipient to provide adequate staff and funding for operations and maintenance;
- The expected life of the project;
- Whether there are alternatives to the capital project as requested;
- Whether a requested renovation project will forestall substantial capital outlay costs in the future;
- The availability of sources other than state funding for the capital project, including matching funds;
- The most appropriate funding source for types of projects; and
- Other considerations determined by the committee.

### **FISCAL IMPLICATIONS**

The \$300.0 appropriation contained in this bill is a nonrecurring expense to the general fund and any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

### **ADMINISTRATIVE IMPLICATIONS**

The Energy, Minerals & Natural Resources Department (EMNRD), State Parks Division is currently funding most of its capital development programs through Governmental Gross Receipts Tax (GGRT) revenues. This is a dedicated funding source authorized by NMSA 1978, Section 7-1-6.1. As such, it is exempt from the prioritization criteria of this act but is subject to the reporting procedures. The agency is fully capable of meeting the reporting procedure criteria and is

supportive of this process.

Any additional capital development projects that the EMNRD State Parks Division develops beyond the GGRT revenues would be subject to the prioritization and reporting criteria of the act. Again, the agency is fully supportive of this proposal as a method to better coordinate and fund state-wide capital projects and we foresee no difficulty in conforming to this act.

The CPRC appears to duplicate, to some extent, the current planning activities of the Property Control Division of the General Services Department, the New Mexico Finance Authority, the Commission on Higher Education, State Agency on Aging and other agencies with a planning process for prioritizing capital projects. The Water Trust Board also accepts applications and prioritizes water projects as does the Environment Department. According to DFA, the CPRC appears to duplicate work already being accomplished by several other state agencies.

### **RELATIONSHIP**

Senate Bill 340 relates to capital projects; enacts the capital projects act; creates the capital projects council; and provides procedures for evaluating and prioritizing proposed capital projects.

### **TECHNICAL ISSUES**

In section 5, *Subcommittees*, the bill states that at least one member of the minority party shall be a member of the subcommittee, yet minority membership is not required in the capital projects re-view committee in section 4.

### **OTHER SUBSTANTIVE ISSUES**

According to the Public Education Department (PED), this bill could result in schools not receiving the same funding as in the past. School district priorities will have to rank higher than other projects statewide compete with all government capital outlay projects. Additionally, this bill does not address capital projects authorized and appropriated through the Public School Capital Improvements Act.

RLG/yr