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FISCAL IMPACT REPORT

SPONSOR Fidel **DATE TYPED** 2/07/04 **HB** _____

SHORT TITLE Acquisition of State Office Buildings **SB** 332/aSFC

ANALYST Geisler

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
250.0				Non-Recurring	State Building Bonding Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
Significant	Significant	See narrative	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to: Senate Bill 54.

SOURCES OF INFORMATION

LFC Files
General Services Department

SUMMARY

Synopsis of SFC Amendments

The Senate Finance Committee made technical amendments to SB 332 to:

1. Clarify that land can be purchased “in close proximity” to the public safety campus, as opposed to “adjacent” to the campus;
2. Clarified that \$250 thousand of bond proceeds are appropriated to the Legislative Council Service for the Capitol Buildings Planning Commission and that the funding excludes payment for salaries, benefits, and costs of state employees.

Synopsis of Original Bill

Senate Bill 332 restores the State Building Bonding Act to exclusive use for acquiring state-owned buildings and thereby reducing recurring costs to lease office space. Authorization to sell bonds for renovation and maintenance of museums and monuments and for developing exhibits is removed. Bonds already sold for museum projects are held harmless. The bill also broadens the 2001 authorization to purchase land to include the Public Safety Campus area, but requires utilities and infrastructure to be in place. A \$250 thousand appropriation from bond proceeds is made to support the work of the Capitol Buildings Planning Commission (CBPC), including master planning and annual updates of existing plans.

Significant Issues

The initial 2001 legislation was established to provide a funding source that would finance acquisition of office buildings so that agencies paying high lease costs could be moved to less-expensive, state-owned space. The justification for bonding against gross receipts tax receipts was that there would be a significant, recurring reduction in general fund obligations. In 2003, authorization was added as a revenue stream to finance Cultural Affairs Department (CAD) facility maintenance and permanent exhibits, which do not carry long-term reduction of general fund expenses. One-time funding for CAD projects from the 2003 session will not be jeopardized by this bill, but CAD would no longer be eligible to receive appropriations from bond proceeds under this act.

FISCAL IMPLICATIONS

The bill appropriates \$250.0 of the bond proceeds for expenditure in FY 2004-2007. Laws 2001, Chapter 199 (Senate Bill 214) provided for an earmark of up to \$500 thousand per month from state gross receipts tax revenue to pay for up to \$75 million in bonds to buy and build state office buildings authorized in Laws 2001, Chapter 166 (Senate Bill 182). However, due to the slow pace of building construction/acquisition, only \$34.7 million of bonds have been issued to date. Therefore, the unused gross receipt tax revenue has been reverting back to the general fund. The revenue stream has therefore been tapped for other pressing needs by the legislature.

Without enactment of this bill, revenue may continue to be diverted from the general fund to pay for expenses that (1) do not carry a long-term recurring general fund reduction or (2) have traditionally been funded through operating budgets.

RELATIONSHIP

This bill expands upon the provisions contained in Senate Bill 54 by broadening the 2001 authorization to purchase land and providing for \$250 thousand from the bond proceeds to support the work of the Capitol Buildings Planning Commission (CBPC).

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