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FISCAL IMPACT REPORT

SPONSOR Ru	iz DATE TYPED	01/25/05 HB	154
SHORT TITLE	Allow Selling of Bonds at Negotiated Sa	ales SB	
		ANALYST	Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				NFI (See narrative)

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA) Office of the Attorney General (AG)

SUMMARY

Synopsis of Bill

House Bill 154 amends the Regional Housing Law to change the definition of a "low-income person"; allows bonds to be sold at negotiated sales; changes publication requirements; and makes technical changes.

Significant Issues

House Bill 154 defines a "low-income person" as an individual, couple or family who lacks the amount of income that is necessary, as determined by rule of the a regional housing authority, to enable that individual, couple or family, without financial assistance, to live in a decent, safe and sanitary dwelling without overcrowding; or a low-income person as defined by the federal government." Current law defines a low-income person as any individual, couple or family whose gross income does not exceed eighty percent of the resident's particular county median income and who cannot afford to pay more than thirty percent of his or her gross income for housing rent or mortgage payments.

House Bill 154 -- Page 2

The bill authorizes the sale of bonds at no less than par at negotiated or public sale. Currently, bonds may be sold at public sale only, at no less than par. The proposed change to allow for negotiated sales for the sale of bonds would give the regional housing authorities an opportunity to secure better rates. Although not specified within the bill, it should be noted that tax-exempt bonds, unlike other publicly funded affordable housing resources, are subject to strict guidelines with regard to income eligibility and use.

The bill further eliminates advertising the sale of bonds in a financial newspaper published in the City of New York, New York for public sales. It should be noted that the advertising may be required in the bond indenture or by the State Board of Finance.

The technical changes within the bill are grammatical and do not change the meaning of the law.

FISCAL IMPLICATIONS

Fiscal implications resulting from House Bill 154 to sell bonds at no less than par at negotiated or public sale would have to be determined over a period of time because markets and interest rates are very fluid through time.

OTHER SUBSTANTIVE ISSUES

According to MFA, the current definition for "low-income person" complies with the definition accepted by Housing and Urban Development (HUD) for eligibility of HUD funded programs, including Section 8 and other rental assistance and housing development programs in which regional housing authorities participate. State funds provided to regional housing authorities are usually subjected to the same HUD definitions, since the state funds are used to match or leverage HUD funds. Currently, funding sources used to fund affordable housing programs always prescribe an income eligibility limit for households benefiting from the program. Therefore, the proposed changes in this bill may have no affect on most programs available to regional housing authorities and may have a minor impact in the number of additional persons that may be eligible for programs provided by the regional housing authorities.

POSSIBLE QUESTIONS

- 1. Why would regional housing authorities want to depart from commonly accepted definitions that describe income eligibility?
- 2. Will giving the regional housing authorities discretion of income eligibility impact affordable housing financing sources?

LMK/rs:lg