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## FISCAL IMPACT REPORT

SPONSOR Sandoval DATE TYPED 2/17/05 HB 304/aHAGC/aHTRC

SHORT TITLE Water & Wastewater Grant Eligibility SB \_\_\_\_\_

ANALYST Kehoe

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
NFI				N/A	(See Fiscal Impact Narrative)

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

#### Responses Received From

New Mexico Finance Authority (NMFA)

New Mexico Environment Department (NMED)

### SUMMARY

#### Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment expands the purposes of the proposed local government planning fund to include economic development plans.

#### Synopsis of HAGC Amendment

The House Agriculture and Water Resources Committee amendment changes the name of the “Water and Wastewater Planning Fund” to the “Local Government Planning Fund”.

#### Synopsis of Bill

House Bill 304 expands eligibility requirements for water and wastewater planning fund grants and provides requirements for grant repayments.

Significant Issues

The 2002 Legislature created the water and wastewater planning fund within NMFA for the purpose of making grants to qualified entities to evaluate and to estimate the costs of implementing the most feasible alternatives for meeting water and wastewater public projects needs and to pay administrative costs of the water and wastewater planning program. NMFA is currently authorized to issue revenue bonds payable from the public project revolving fund in an amount not to exceed \$1 million for the purpose of providing grants for studies and analyses. NMFA may make grants from the water and wastewater planning fund to qualified entities without specific authorization by law for each grant.

House Bill 304 expands the purpose of grants from the water and wastewater planning program to include development of water conservation plans and long-term master plans. Grants from the fund may be made only with the agreement of the qualified entity to reimburse the fund for the amount of the grant when financing from any source is subsequently received by the qualified entity for the water or wastewater public project. Repayments to the fund are made without interest or fee.

The bill contains an emergency clause.

**FISCAL IMPLICATIONS**

Funding may be available for grants through NMFA's issuance of bonds in an amount not to exceed \$1 million payable from an amount of governmental gross receipts tax (GGRT) not to exceed 35 percent of the GGRT deposited in the public project revolving fund, which net proceeds of the bonds shall be deposited in the water and wastewater planning fund and used for purposes of the fund.

**OTHER SUBSTANTIVE ISSUES**

According to NMFA, the following graph depicts the closed and pending planning fund projects since creation of the fund:

LMK/yr

Attachment

