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## FISCAL IMPACT REPORT

SPONSOR Wallace DATE TYPED 2/11/05 HB 457

SHORT TITLE Hidden Valley Loan Repayment SB \_\_\_\_\_

ANALYST Hadwiger

### APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$28.0			Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

State Board of Finance, Department of Finance and Administration (BOF)

Department of Environment (NMED)

New Mexico Finance Authority (NMFA)

### SUMMARY

#### Synopsis of Bill

House Bill 457 appropriates \$28,000 from the general fund to the State Board of Finance (BOF) to repay the BOF loan to the Hidden Valley Mutual Domestic Water Association (HVMDWA).

#### Significant Issues

BOF indicated that an emergency loan was given to Hidden Valley Estates MDWCA in fiscal year 2000, with a duration of five years in the amount of \$36,000. The loan payment schedule included two \$1,000 payments and three \$11,333.34 payments. The first two payments were received in full. When the balloon payments were due, Hidden Valley asked the BOF to restructure the original loan, because the remaining three payments were not feasible based on budget restrictions. The Board of Finance restructured the loan over a fifteen year period and a \$5,000 grant was approved, leaving a balance of \$28,000. Hidden Valley made a further payment of \$1,200 leaving a balance of \$26,800. The remaining loan payments are still putting budget constraints, because Hidden Valley is experiencing a drop in the community hookups to the well.

One agency indicated concern that this bill might violate Article IV, Section 32 or Article IX, Section 14 of the New Mexico Constitution.

**FISCAL IMPLICATIONS**

The appropriation of \$28,000 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 would revert to the general fund.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to HB294 as amended which authorizes the New Mexico Finance Authority to make grants from the water and wastewater project grant fund to the HVMDWCA.

**TECHNICAL ISSUES**

BOF noted the current debt to that agency is \$26,800. An amendment might be considered to reflect this amount.

**OTHER SUBSTANTIVE ISSUES**

The NMFA indicated that it is unable to provide grant funding to assist with this situation. Under its current rules, the NMFA is unable to make a 100% grant to the HVMDWCA because it is located in a census tract that reports a median household income (MHI) greater than 90% of the State's MHI of \$34,344. According to the 2000 Census data, HVMDWCA resides in a Census Tract with a MHI of 205% of the State's MHI. Under NMFA's Water and Wastewater Grant Funds rules, at that level of MHI, the HVMDWCA must charge \$96.50 for 6,000 gallons of water in order to qualify for a 75% grant \$58 for 50% grant \$38.50 for a 25% grant.

**DH/sb**