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## FISCAL IMPACT REPORT

SPONSOR Fidel DATE TYPED 3/2/05 HB \_\_\_\_\_

SHORT TITLE NMFA Communication Equipment Bonds SB 975

ANALYST Kehoe

### APPROPRIATION

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

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$160.0	\$650.0	Recurring	Surcharge Fee Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Insurance Division of Public Regulation Commission  
New Mexico Finance Authority (NMFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 975 authorizes the New Mexico Finance Authority (NMFA) to issue bonds for the purpose of financing information and communication equipment and extends a surcharge on certain fees for repayment of the bonds.

#### Significant Issues

The 1996 Legislature authorized NMFA to issue up to \$1 million in revenue bonds for the purpose of acquiring information and communication equipment for the Insurance Department of

the then State Corporation Commission. A surcharge was imposed on certain fees collected by the Superintendent of Insurance and pledged and distributed to NMFA for repayment of the bonds. The \$3.00 surcharge was imposed commencing on March 1, 1996 and ending March 1, 2006, on certain documents for the following: 1) agents' licenses and appointments; 2) solicitor licenses; 3) rating organization or rating advisory organization licenses; 4) motor clubs; 5) all businesses except property or casualty businesses required to file forms or rates; and 6) health maintenance organizations.

Senate Bill 975 authorizes NMFA to issue and sell bonds in the amount of \$2 million for the purpose of financing information and communication equipment, including computer hardware and software, for the Insurance Division of the Public Regulation Commission. The bill also extends the \$3.00 surcharge on appointment fees through June 30, 2009 as a revenue stream for repayment of the bonds. The bill proposes the surcharge for the following: 1) agents' licenses and appointments; 2) solicitor licenses; 3) non-profit health care plans; 4) bail bondsmen; 5) health maintenance organizations; and 6) purchasing groups and foreign risk retention groups.

### **FISCAL IMPLICATIONS**

According to the Insurance Division of the Public Regulation Commission (PRC), the proposed surcharge would generate approximately \$160 thousand in April through June 2006, and approximately \$650 thousand annually through June 30, 2009. The surcharge will be collected by the Superintendent of Insurance and distributed monthly to NMFA to be pledged irrevocably for the payment of principal, interest and any other expenses or obligations related to the issuance of bonds by NMFA.

### **ADMINISTRATIVE IMPLICATIONS**

According to PRC, the upgrade and development of the Insurance Division's information systems is necessary to meet demands for nationally coordinated and efficient regulatory processes. Planned purchases and upgrades will enable such advances as the ability to receive and process tens of thousands of licensing transactions electronically each year.

**LMK/yr**