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FISCAL IMPACT REPORT

SPONSOR Fidel **DATE TYPED** 03/16/05 **HB** _____

SHORT TITLE Santa Fe County Land Transfer **SB** SJR 17/aSFL#1

ANALYST Geisler

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			(\$2,000.0)	Recurring	General, Other State Funds

(Parenthesis () Indicate Expenditure Decreases)

Companion to: HB 1045

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)
Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of SFL Amendment #1

Senate Floor Amendment #1 to Senate Joint Resolution 17 clarifies that the state owned Galisteo property is southeast of the intersection of St. Michaels Drive and St. Francis Drive in Santa Fe.

Synopsis of Original Bill

Senate Joint Resolution 17 authorizes the Property Control Division of GSD to sell or trade any property it owns in Santa Fe County, including, but not limited to three identified properties (Galisteo, labor department, & west capitol), to the Public Employees Retirement Board. In anticipation of acquisition of the Public Employees Retirement Association (“PERA”) Building, SJR 17 authorizes negotiation of the purchase price and/or trade value of any property sold or traded to PERA.

Significant Issues

The state needs the legislative ratification provided by SJR 17 to sell or trade any property it owns in Santa Fe County, including, but not limited to 3 identified properties, to PERA.

FISCAL IMPLICATIONS

GSD notes that acquisition of PERA Building will result in a reduction of more than \$2 million a year in general fund operating costs for the current state agency occupants of the PERA Building: the Children, Youth and Families Department and the Public Regulation Commission. GSD would incur some additional cost to maintain the building.

PERA notes that if and when the PERA Board sells its existing building, it will need to acquire land for new construction to house PERA. Giving GSD authorization to sell or trade any property it owns in Santa Fe County, including, but not limited to four identified properties, to the PERA Board may reduce the purchase price paid for the PERA Building and property.

ADMINISTRATIVE IMPLICATIONS

There will be an administrative impact on the PERA Board and staff, including such items as evaluating whether any of identified properties or alternative sites are adequate for construction of a building to house the association; determining what an acceptable price would be given PERA's fiduciary and other legal obligations; preparing, negotiating and acquiring any documents or other items needed for a potential sale or trade; and addressing practical concerns, such as new construction and relocating PERA into new offices.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

A companion bill, HB 1045, the New PERA Office Building, authorizes the PERA Board to acquire real estate and build thereon a building to house the association if and when the existing PERA Building is sold. The purchase or land trade provisions of SJR 17 are contingent upon the enactment into law of HB 1045, which gives the PERA Board statutory authority to acquire land and build a new building.

OTHER SUBSTANTIVE ISSUES

In 1965, an act was passed authorizing the PERA Board to use the PERA trust fund to acquire, in the name of PERA, land adjacent to the state capitol grounds and build thereon a building to house the association and its employees. The law further directed PERA to give first priority to public agencies in leasing such space in the PERA Building as was not needed for PERA's own use. Laws of 1965, Chapter 210. The provisions of the 1965 law are still codified in the PERA Act. NMSA 1978, § 10-11-130(A)(8). The PERA Building and grounds are held on PERA's books as an investment of the PERA trust fund. Pursuant to both the PERA Act and Article XX, §22, of the New Mexico Constitution, the PERA Board is the trustee of the PERA fund and is responsible for administering trust investments.

The PERA Board and CBPC have begun substantive negotiations regarding sale of the PERA building and grounds. SJR 17 authorizes that any price paid for the PERA Building would have to be negotiated between the PERA Board and CBPC, subject to review by the Capitol Buildings Planning Commission ("CBPC") and the Secretary of the GSD. The PERA Board must deal

with the PERA Building in accordance with trust principles and for appropriate trust purposes. As with all trust investments, the PERA Board must act prudently with regard to the PERA Building. By allowing negotiations between the parties, the Board will exercise its fiduciary obligations and duties as a prudent trustee of the association's investment in the PERA property and building.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

Property Control Division of GSD will not have legislative ratification and approval to sell or trade any property it owns in Santa Fe County, including, but not limited to four identified properties, to the Public Employees Retirement Board.

GG/lg