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FISCAL IMPACT REPORT

SPONSOR	<u>Foley</u>	ORIGINAL DATE	<u>2/6/06</u>	HJR	<u>12</u>
		LAST UPDATED		SB	
SHORT TITLE	<u>Uses of Non-recurring Revenues</u>			SB	
		ANALYST	<u>Hoffmann</u>		

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Joint Resolution 12 proposes to enact a new section of Article 4 of the Constitution of New Mexico to require that nonrecurring revenues only be used to fund nonrecurring expenses unless two-thirds of the members of the legislature approve otherwise.

The new section in Article 4 of the Constitution of New Mexico would read as follows.

"A. Nonrecurring revenues may be appropriated only for nonrecurring expenses; provided that nonrecurring revenue may be used to fund a recurring expense if two-thirds of the members of the legislature vote to approve that specific expenditure.

B. As used in this section:

(1) "nonrecurring revenue" means one-time revenue that cannot be relied on in future budget periods, including revenue that may be available for more than one year but that cannot be expected to occur again or is so periodic as to not be recurring, including:

- (a) infrequent sales of government assets;
- (b) bond refunding savings;
- (c) infrequent revenues from development;
- (d) grants;
- (e) revenue due to fluctuation in the price of natural resources, calculated as revenue in excess of ten percent of the last five-year average; and
- (f) legal settlements and other windfalls; and

(2) "recurring expenses" means expenses associated with the operation of state government or with carrying out the law that occur more frequently than once."

House Joint Resolution 12 specifies that this proposed amendment be submitted to the people for their approval or rejection at the next general election or at any special election prior to that date that may be called for that purpose.

FISCAL IMPLICATIONS

A special election for this purpose would have a fiscal impact on the Secretary of State’s Office. The cost impact of a potential special election is unknown. The statewide vote, while necessary for passage of this constitutional amendment, could also be held as part of standard general election.

SIGNIFICANT ISSUES

The language in this proposed amendment is specific regarding the definition of nonrecurring revenue. A rigorous working definition of “recurring expenses” might have to be developed and consistently applied for such a constitutional amendment to have the effect desired.

CH/mt