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## FISCAL IMPACT REPORT

ORIGINAL DATE 2-10-06

SPONSOR Papen LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Las Cruces Land Sale SJR 8

ANALYST Hadwiger

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	None		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

General Services Department (GSD)

### SUMMARY

#### Synopsis of Bill

Senate Joint Resolution 8 authorizes the Property Control Division of the General Services Department (GSD) to sell or exchange state-owned land to/with the City of Las Cruces, to be sold or exchanged for amount no less than the appraised value validated by the Taxation and Revenue Department. If exchanged, the owner of the parcel with the lower appraisal would compensate the other party for the difference.

### FISCAL IMPLICATIONS

The proposed transaction would have no net fiscal impact. To the extent that a land sale or exchanges facilitates construction of a central state-owned building, consolidating multiple state agencies in one state owned building will lower lease cost for state agencies currently residing in rental facilities, as well as lower operating, utilities and maintenance costs. The savings would likely not be realized in FY07.

**SIGNIFICANT ISSUES**

Section 13-6-3 NMSA 1978 requires that sale or trade of state property valued in excess of \$100 thousand requires legislative approval.

DFA noted that the current parcel owned by the state in Las Cruces is about 1.76 acres. The city has expressed interest in the property for developing transportation infrastructure in down town Las Cruces. If the state can acquire land well suited for a multi-state agency building (including the Workers' Compensation Administration field office) then both parties will benefit. It is not clear why the existing state owned parcel is not suited for the proposed state office building.

GSD indicated that the property to be sold or traded was acquired in 2002 for an office to house a Worker's Compensation Administration (WCA) field office. WCA will be co-located with other state agencies in a state office building currently in design.

**PERFORMANCE IMPLICATIONS**

GSD noted that the policy of co-locating state agencies reduces lease costs while minimizing infrastructure costs.

**ADMINISTRATIVE IMPLICATIONS**

Neither GSD nor DFA anticipated administrative concerns from this bill.

**OTHER SUBSTANTIVE ISSUES**

DFA explained that Laws of 2002, Chapter 110, Section 49 appropriated \$2,800,000 from the workers' compensation administration fund to the capital program fund at the Property Control Division of the General Services Department to acquire land, design, plan construct or remodel, equip and furnish office buildings in Las Cruces and Farmington. Of that appropriation \$200.0 has been has been earmarked to design a facility in Las Cruces. It is not known whether or not the total cost of acquisition of land and design and construction of a new building in Las Cruces will limit the state's ability to use whatever portion of the original \$2,800.0 appropriation remains for building or acquiring office buildings in Farmington.

DH/yr