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## FISCAL IMPACT REPORT

	<b>ORIGINAL DATE</b> 1/26/07		
<b>SPONSOR</b> <u>Silva</u>	<b>LAST UPDATED</b> <u>2/6/07</u>	<b>HB</b> <u>251</u>	
<b>SHORT TITLE</b> <u>Albuquerque Metropolitan Arroyo Flood Control Authority Outstanding Indebtedness Limit</u>		<b>SB</b> _____	
	<b>ANALYST</b> <u>Propst</u>		

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

Present law, Section 72-16-4 of the Arroyo Flood Control Act imposes a \$40,000.0 limit on the amount of bonds that may be issued by the Albuquerque Metropolitan Arroyo Flood Control Authority (“AMAFCA”) without approval of the New Mexico Legislature. HB 251 would increase this limit to \$80,000.0. Section 72-16-44 currently requires voter approval of debt levies by the Authority and limits the amount of time that any series of bonds may be issued to forty years.

### FISCAL IMPLICATIONS

According to the Taxation and Revenue Department, provisions of the proposed measure will not affect property tax recipients (e.g., counties, municipalities, school districts or the State of New Mexico) other than the AMAFCA. AMAFCA reports that they currently have \$28,000.0 in bonds outstanding, and that they typically retire approximately \$6,000.0 in bonds annually, but issue approximately \$10,000.0 annually to fund additional capital projects. Their financial advisor tells them that, at the current rate of retirement and new construction, they will exceed their \$40,000.0 in bonding capacity by FY 10 or 11.

The AMAFCA debt service levy is currently .675 mills, or \$.675 per \$1,000 in net taxable value. Taxable value of the district is currently approximately \$11.248 billion. A .675 mill rate thus produces revenues totaling approximately \$7,537.0. The owner of a house assessed at \$200.0 currently pays the Authority approximately \$43.65 annually for debt service.

### **SIGNIFICANT ISSUES**

According to the AMAFCA web site (<http://www.amafca.org/>):

The Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA) was created in 1963 by the New Mexico Legislature with specific responsibility for flooding problems in greater Albuquerque. AMAFCA's purpose is to prevent injury or loss of life, and to eliminate or minimize property damage. AMAFCA does this by building and maintaining flood control structures which help alleviate the problem.

An article on the Albuquerque Tribune web site<sup>1</sup> states that AMAFCA operates with a staff of 19 and an operating budget of \$2,700.0, “with a tax rate that has regularly fallen for residential taxpayers in recent years - especially impressive, considering the increasing volumes of water it handles. Its current residential mill levy of 0.178 is well under the maximum rate of 0.5 mills that AMAFCA is allowed to charge.”

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The \$40,000.0 bonding limit for AMAFCA would remain.

WEP/mt

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<sup>1</sup> <http://www.abqtrib.com/news/2006/nov/02/vote-2006-tribune-recommends-bonds-amendments-tax/>