

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 1/19/07

SPONSOR Lundstrom LAST UPDATED _____ HB 1235

SHORT TITLE Legislative Approval for Some NMFA Projects SB _____

ANALYST Kehoe

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
\$1.3	NA*	(See Fiscal Narrative)	Recurring	Local Transportation Infrastructure Fund

(Parenthesis () Indicate Revenue Decreases)

*Not applicable at this time.

SOURCES OF INFORMATION

LFC Files
New Mexico Finance Authority

SUMMARY

Synopsis of Bill

House Bill 1235 amends the New Mexico Finance Authority Act to require legislative approval of projects funded from the local transportation infrastructure fund.

FISCAL IMPLICATIONS

Sources of funding to the Local Transportation Infrastructure Fund include:

1. One-half of the fee received by NMFA in issuing the state transportation bonds.
2. Loan principal in interest repayments and principal and interest repayments from securities held by NMFA for local transportation projects.
3. An indeterminate appropriation from the Legislature to implement the provisions in the bill.
4. Other public or private money appropriated, dedicated or allocated to the fund for the purpose of financing local transportation projects.

Currently the Department of Transportation (DOT) pays NMFA 25 basis points on each series of bonds sold for GRIP I bonds. According to NMFA, as of December 30, 2006, the authority has

received approximately \$4.5 million from administrative fees from the sale of series 2004A DOT bonds and has transferred approximately \$1.3 million to the local transportation infrastructure fund.

During the interim, members of the NMFA Oversight Committee expressed concern about the authority the Legislature has delegated to NMFA staff and other entities for approving projects. Of particular concern was legislation giving the Transportation Department secretary and metropolitan and regional planning organizations the authorization to prioritize local road projects. The concern delayed the oversight committee’s approval of NMFA proposed rules and regulations for administration and implementation of the local road project program.

SIGNIFICANT ISSUES

Laws of 2005 (Chapter 262) created the Local Transportation Infrastructure Fund within the New Mexico Finance Authority for the purpose of providing local governments, not eligible for federal funding, and whose needs have not been met by the existing Local Government road Fund, with assistance for transportation projects. NMFA is authorized to issue and sell local transportation project revenue bonds in compliance with the New Mexico Finance Act and rules developed by NMFA and approved by the New Mexico Legislative Oversight Committee. The authority may make grants from the fund to qualified entities for local transportation projects when a grant is not more than 25 percent of the total project cost and when the qualified entity demonstrates it has available or a binding commitment from another person to make available for a project the portion of the total project cost not provided by the grant. The entity may enter into a loan agreement or an agreement to sell the qualified entity’s securities with the authority, or the may use another source of money available for the project to cover the costs not provided by the grant.

ADMINISTRATIVE IMPLICATIONS

NMFA is responsible for the implementation, management and accountability of the local transportation infrastructure fund.

OTHER SUBSTANTIVE ISSUES

The following table lists the financial programs and types of financial assistance that require legislative authority and those program projects that require certification by other entities.

Program	Type	Legislative Authorization	Comments
Public Project Revolving Fund	Loan	Yes	Projects under \$1 million exempted
Water Project Fund	Loan	Yes	Project authorized, not funding type
Drinking Water Revolving Loan Fund	Loan/Grant	No	Projects must appear on State’s Priority List as determined by NMED
Water and Wastewater Grant Fund	Grant	Yes	Program nearing completion
Local Government Planning Fund	Loan/Grant	No	Loan if project funded from outside sources
Local Transportation Infrastructure Fund	Loan/Grant	No	Projects prioritized by Metropolitan & Regional Planning Orgs & DOT
Smart Money Economic Development Fund	Loan	Yes	Projects Certified by NMEDD
Primary Care Capital Fund	Loan	No	Projects Recommended by DoH
Behavioral Health Capital Fund	Loan	No	Projects Recommended by DoH
Child Care Revolving Loan Fund	Loan	No	Projects Recommended by CYFD
Energy Efficiency & Renewable Bond Act	Bonds	No	Projects Recommended by EMNRD
GRIP	Bonds	Yes	
Stand Alone Bonds	Bonds	Yes	
New Market Tax Credits	Tax Credits	No	
Smart Money Conduit Bonds	Bonds	No	