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FISCAL IMPACT REPORT

SPONSOR	Garcia	ORIGINAL DATE LAST UPDATED	01/25/07 02/13/07 HB		
SHORT TITL	LE NMFA Public Pro	ject Revolving Fund	SB	80/aSPAC/aSFC	
			ANALYST	Hanika Ortiz	

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI (See narrative)		Public Project Revolving Loan Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
New Mexico Finance Authority (NMFA)
Environment Department (ED)
Public Education Department (PED)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee Amendment strikes the SPAC amendment and expands the purpose of projects for the Town of Carrizozo and Lincoln County to include road projects; expands the purpose of projects in Torrance County to include water, wastewater, land, and road projects; requests authorization for NMFA to provide refinancing assistance to Torrance County; and, qualifies an additional 115 entities to pursue loans, including refinancing assistance, for public projects from the PPRF.

Synopsis of SPAC Amendment

The Senate Public Affairs Committee Amendment qualifies 108 additional entities to pursue loans from the public project revolving fund.

Synopsis of Original Bill

Senate Bill 80 authorizes the NMFA to make loans for 32 public projects from the public project revolving fund (PPRF) to certain state and local government entities, as defined in the bill, based

Senate Bill 80/a SPAC/a SFC -Page 2

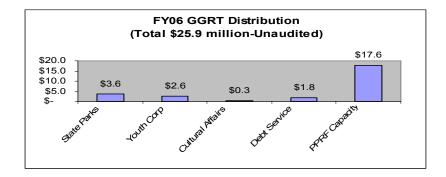
on certain terms and conditions including the desire to continue to pursue a loan by FY09.

SB 80 contains an emergency clause that the Act takes effect immediately.

FISCAL IMPLICATIONS

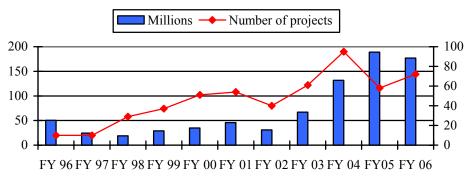
Senate Bill 80 does not appropriate funds; however, loans made in the interim as a result of passage of this bill will result in reducing the current loan capacity of PPRF. The bill will support borrowers in receiving fixed "AAA" insured interests rates with the NMFA. Borrowers may also qualify for disadvantaged funding which provides 0% and 3% interest rates with maximum funding of \$75,000 per equipment loan and \$200 thousand per infrastructure loan. To date, PPRF has financed 451 projects statewide totaling \$628 million.

A significant source of capital for infrastructure projects administered by NMFA, approximately \$18 million per year, is derived from an annual distribution of 75% of the state's Governmental Gross Receipts Tax (GGRT). In addition to GGRT, NMFA raises capital through the issuance of tax-exempt pooled bonds and direct loan repayments. The following chart demonstrates the annual distribution of GGRT for FYO6:



Demand for PPRF funding has increased significantly from fiscal year to fiscal year. The graph below provided by NMFA depicts the growth of senior lien lending activity and shows the demand trend for PPRF funding.

PPRF Annual Activity by millions of dollars and numbers of projects



Senate Bill 80/a SPAC/a SFC -Page 3

SIGNIFICANT ISSUES

Loans from PPRF allow eligible entities to borrow for infrastructure projects at below market costs, based on terms and conditions established by NMFA. NMFA reports SB 80 is not a guarantee that any project will receive a PPRF loan. Loans will only be made to those borrowers that can identify a sufficient repayment source and meet other financial criteria.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates HB 24

OTHER SUBSTANTIVE ISSUES

Public school districts have a great need to update their facilities and may have access to below market rates. In addition, ED reports that other proposed public projects loan requests involve the reuse of water. Well designed reuse initiatives can provide greater water quality protections of groundwater resources in the state.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Entities requesting PPRF financing from the NMFA will be required to seek alternative financing which could increase borrowing costs.

AHO/nt