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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/07
 LAST UPDATED 3/12/07 HB _____

SPONSOR Griego

SHORT TITLE Create Surplus Property Bureau SB 313/aHAFC

ANALYST Propst

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
 General Services Department (GSD)

SUMMARY

Synopsis of HAFC Amendment

The HAFC amendment to SB 313 clarifies that money in the Surplus Property Fund is subject to legislative appropriation for use by the bureau to carry out its program.

Synopsis of Original Bill

Senate Bill 313 would establish the Surplus Property Bureau (SPB) in the Transportation Services Division (TSD) of the General Services Department (GSD). This bureau is the state's recycling center for federal and state tangible property that is usable but no longer needed by the purchasing government agency.

FISCAL IMPLICATIONS

GSD reports that the substantive change from current operations is the addition of the option to allow private sector purchase of property. If a public entity doesn't purchase state surplus property within 90 days, it would be available for sale to private taxpayers. This would generate some additional revenue for the program, reduce the need to store unwanted goods until the next public auction, and reduce the unwanted property taken to landfills.

SIGNIFICANT ISSUES

SB 313 would establish the Surplus Property Bureau (SPB) in the Transportation Services Division (TSD) of the General Services Department (GSD). This bureau is the state's recycling center for federal and state tangible property that is usable but no longer needed by the purchasing government agency. The SPB would develop a state plan of operation to be updated as necessary.

Section 15-4-2 NMSA 1978 authorizing GSD to contract with the federal government and Section 15-4-3 NMSA 1978 establishing the surplus property revolving fund are repealed and the authority contained in those sections is contained in Sections 1 and 2 of the bill.

Section 3 authorizes a four-tier disposal strategy:

- The first 45 days would be reserved for any state agency, local public body, public school or institution of higher education in New Mexico that is registered with SPB.
- Property not sold during the first 45 days would still be available to those entities, and could also be purchased by any tax-exempt entity that has filed its tax exempt certificate with SPB.
- During the third 45-day period, property would also be available for purchase by private companies and individuals through a retail store.
- Any remaining property could then be disposed of at auction or any other method that complies with environmental standards.

Section 6 transfers money in the current surplus property revolving fund to the new fund.

According to GSD, this legislation is necessary to remove a 1998 federal audit finding by statutory recognition of the program and granting authority to develop a state plan.

ADMINISTRATIVE IMPLICATIONS

GSD notes that no additional staff support would be required to implement the provisions of this bill.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

TSD will continue to keep unwanted property until a public auction is held.

WEP/nt