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## FISCAL IMPACT REPORT

ORIGINAL DATE 3/7/07

SPONSOR SFC LAST UPDATED 3/13/07 HB \_\_\_\_\_

SHORT TITLE Severance Tax Bond Projects SB CS/827/aHTRC

ANALYST Kehoe

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$200,948.8		Non-Recurring	Severance Tax Bond Capacity
\$404,911.2		Non-Recurring	General Fund
\$1,185.2		Non-Recurring	Educational Retirement Fund
\$2,636.4		Non-Recurring	Miners' Trust Fund
\$9,656.7		Non-Recurring	Public Employees Retirement Association Income Fund
\$2,750.0		Non-Recurring	State Road Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to multiple 2007 capital outlay requests statewide

Relates to Appropriation in the General Appropriation Act and House Bill 935

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment appropriates approximately \$207.8 million from the general fund for House and executive capital outlay projects statewide and authorizes approximately \$37.2 million from severance tax bond capacity for House and executive capital outlay projects statewide.

The amendment further makes changes to Laws 2006, Chapter 111, Section 68 to the first tranche of the \$100 million spaceport appropriation. Due to the contingencies of the current law, it is unlikely that any of the \$33 million that makes up the first tranche will be ready for bonding in FY07. Therefore, the amendment removes the contingencies and allows up to \$25 million of the appropriation to be used immediately if there is available capacity. Although the severance tax bond capacity authorizations have been decided, there may be a certain amount at the time that Board of Finance issues the bond that is not ready and has not been certified. This amendment will allow that unused amount to be used for the spaceport for specific infrastructure projects. The unused amount will still be authorized in FY08.

The contingencies related to the first tranche are transferred to the second tranche of \$33 million so that no additional amount beyond the first \$33 million can be certified if an environmental study has not been completed and if the spaceport has not received an FAA operating permit.

### Synopsis of Bill

The Senate Finance Committee Substitute for Senate Bill 827 authorizes approximately \$163.8 million from severance tax bond capacity and appropriates \$197.1 million from the general fund to fund both local and capital outlay projects statewide.

The bill contains an emergency clause.

### **FISCAL IMPLICATIONS**

The authorization of \$200.9 million from severance tax bond capacity contained in this bill is a non-recurring expense to the severance tax bond fund. The unexpended balance from the proceeds of severance tax bonds (STB) issued for a project, including projects that have been reauthorized, shall revert to the STB fund as follows: 1) for projects for which STB were issued to match federal grants, six months after completion of the project; 2) for projects for which STB were issued to purchase vehicles, heavy equipment, educational technology or other equipment or furniture that is not related to a more inclusive construction or renovation projects, at the end of the fiscal year two years following the fiscal year in which the STB were issued for the purchase; 3) for projects for which STB were issued to purchase emergency vehicles or other vehicles that require special equipment, at the end of the fiscal year two years following the fiscal year in which the STB were issued for the purchase; and 4) for all other projects for which STB were issued, within six months of completion of the project, but no later than the end of fiscal year 2011.

The appropriation of \$404.9 million from the general fund, including changes to prior appropriations, shall revert to the general fund as follows: 1) 1) for projects for which appropriations were made to match federal grants, six months after completion of the project; 2) for projects for which appropriations were made to purchase vehicles, heavy equipment, educational technology or other equipment or furniture that is not related to a more inclusive construction or renovation projects, at the end of the fiscal year two years following the fiscal year in which the STB were issued for the purchase; 3) for projects for which appropriations were made to purchase emergency vehicles or other vehicles that require special equipment, at the end of the fiscal year two years following the fiscal year in which the STB were issued for the purchase; and 3) for all other projects for which appropriations were made, within six months of completion of the project, but no later than the end of fiscal year 2011.

Except for appropriations to the capital program fund, money from STB proceeds may not be used to pay indirect project costs. For the purposes contained in this bill, “unexpended balance” is defined as the remainder of an appropriation after reserving for unpaid costs and expenses covered by binding written obligations to third parties.

### **SIGNIFICANT ISSUES**

Senate Bill 827 was substituted to include all projects funded by the Senate for local projects and statewide projects agreed upon by the Senate, House and the executive and was further amended to fund all House and executive capital projects statewide. The bill contains approximately \$250 million for statewide projects. Some of the most significant projects funded include: \$34 million for higher education facilities; \$12 million for special schools; \$5.5 million for senior citizen center infrastructure needs; \$7.8 million for phase I construction of a new Court of Appeals; \$29 million for public school renovations and materials; \$45 million for water and wastewater projects; \$15 million for tribal renovations and infrastructure; over \$60 million for state-owned and operated facilities; and over \$30 million for public school initiatives.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 935 proposes appropriations to similar projects contained in this bill.

Various capital outlay requests by various sponsors have requested funding for projects duplicating some of the projects contained in this bill.

LMK/mt