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FISCAL IMPACT REPORT

ORIGINAL DATE 2/24/09

SPONSOR Barreras LAST UPDATED _____ HB 737

SHORT TITLE Peralta Long-Range Plan SB _____

ANALYST Hanika Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$50.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 737 appropriates \$50 thousand from the General Fund to the Local Government Division of DFA in FY10 to develop a comprehensive long-range plan for the Town of Peralta.

FISCAL IMPLICATIONS

The appropriation of \$50 thousand contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY10 shall revert to the General Fund.

DFA reports that before incorporating, there was a feasibility study done which determined that a population base of 4,890 would be enough to sustain a small municipality. However, due to an error on the ballots for the January 2007 election, the district court ruled the election invalid and a new election was held in March 2007. In March of 2007 the Town of Peralta was incorporated.

DFA further reported that due to the two month delay the finances of Peralta were affected in many ways:

- gross receipt taxes that could have been enacted in January or July 2007 were not enacted until January 2008;
- the property tax operation rate that could have been imposed in September 2007, which

would have been billed in November 2007 and which would have allowed Peralta to receive some revenue in January of 2008, was not imposed;

- the Town of Peralta could have imposed a maximum operation property tax rate in September 2008 but chose not to impose the tax; and
- when Peralta chooses to impose an operation property tax rate, Section 7-37-7B(3) NMSA 1978 authorizes a maximum rate of seven dollars sixty-five cents (\$7.65) for each one thousand dollars (\$1,000) of the net taxable value of both residential and nonresidential property allocated to the municipality. The projected total tax revenue the Town of Peralta may have potentially realized in tax year 2008 would have been \$345.6 thousand.

According to the February 2009 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$575 million less than the FY09 appropriations before the 2009 solvency reductions. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

SIGNIFICANT ISSUES

House Bill 737 provides an appropriation to assist the Town of Peralta with planning efforts until they receive the Small Cities Assistance distribution and property tax revenue once imposed on the residents of Peralta.

DFA provided the following background:

Even though the March 2007 election was successful and the Town of Peralta became an incorporated municipality, the two month delay caused several important taxation deadlines to be missed. The municipality primarily depends on revenue generated by gross receipt taxes and property taxes. The latter has not been imposed, yet. The Town of Peralta has minimal revenue to use for fiscal year 2010 operating costs.

In FY 2008 Peralta secured a loan for \$100 thousand from the State Board of Finance which allowed the town to operate. Due to the missed deadlines, Peralta was not eligible for the Small Cities Assistance Distribution with the Taxation and Revenue Department. The operating budgets in FY08 and FY09 do not include any revenues associated with this distribution. Per the Taxation and Revenue Department, the Small Cities Distribution calculation requires a full fiscal year's worth of taxable gross receipts. Peralta can anticipate receiving a portion of this distribution in February 2010.

Peralta is in a Joint Powers Agreement (JPA) with Bosque Farms for law enforcement services; and with Valencia County for road maintenance and animal control services.

The Town is working on a turning lane for Highway 47; and its waste water project. Currently many residents rely on private wells and septic tanks.

OTHER SUBSTANTIVE ISSUES

According to the Valencia County website, Peralta as a community is first mentioned in Catholic Church records in 1835. Entering into the 20th century, Peralta joined Los Lunas and Belen as one of the three economic centers of the county. However, unlike the other two communities and being by-passed by the railroad, Peralta settled into being a small farming community for nearly 100 years.

With the pressures of growth and facing inevitable change the residents of the community overwhelmingly voted to incorporate Peralta as a municipality in 2007. On July 1, 2007, the Town of Peralta became New Mexico's 103 municipality. Peralta shares common borders with the Village of Bosque Farms, the Village of Los Lunas, and Isleta Pueblo. It is located in the North East Rio Grande Valley of Valencia County and encompasses the entire width of the valley from the river on the west to the escarpment, sand hills, (La Ladera) on the east.

Peralta is bisected by NM Highway 47, the primary thoroughfare in east Valencia County, which defines the commercial district that the new Town Council is eager to promote for development. Working with the NM Department of Transportation it is anticipated that a new "community friendly" redesign of the highway will soon be realized that will include a turning lane, adequate drainage, lighting and improved intersections.

Valencia County noted that there are approximately 140 business licenses issued within the new corporate boundary with some of the major businesses located on NM 47. There are approximately 2,858.7 acres (4.466 Sq. Miles) within the town that includes the commercial district and the outlying agricultural residential areas. Peralta Elementary School, grades K - 6, serves the area children and is part of the Los Lunas School District.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Town of Peralta may have to delay its development of a comprehensive long-term plan.

AHO/mt:mc

