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FISCAL IMPACT REPORT

ORIGINAL DATE 01/30/09
 LAST UPDATED 03/02/09 **HB** _____

SPONSOR Campos

SHORT TITLE Conservation District Financial Reporting **SB** 311/aSCONC/aSFC

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		FY11	Recurring	Fund Affected
FY09	FY10			
Indeterminate	Indeterminate	Indeterminate		General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)
 NM Department of Agriculture

No Response

Office of the State Auditor (OSA)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of SFC amendments

Senate Bill 311 as amended by the Senate Finance Committee makes the following changes to the original bill.

The requirement for a conservation district’s financial reporting is changed from “financial reporting as appropriate to the level of the district’s revenue” to “and submit to an annual financial audit pursuant to the Audit Act if the district’s revenue is five hundred thousand dollars (\$500,000) or more;

(3) provide for a financial report, according to the rules for financial reporting that are established by the state auditor, in lieu of the requirement to submit to an annual financial audit pursuant to the Audit Act if the district’s annual revenue is less than five hundred thousand (\$500,000) dollars;”

Synopsis of SCONC amendments

Senate Bill 311 as amended by the Senate Conservation Committee makes the following changes to the original bill.

It removes “PER DIEM PAYMENTS TO SUPERVISORS” from the title of the bill.

It removes section 1 entirely. This section contained the language regarding per diem rates.

It removes the requirement that the supervisors’ annual financial reports be prepared by the State Auditor or the Department of Finance and Administration.

Synopsis of Original Bill

Senate Bill 311 amends the Soil and Water Conservation District Act (Chapter 73 Article 20 NMSA 1978) as described below.

Section 73-20-40 NMSA 1978 is amended to change the term “chairman” to “chair” supervisor. It is also amended to entitle Soil and Water Conservation District (SWCD) supervisors to be reimbursed for mileage at a rate that corresponds to the IRS-allowable deduction for business vehicle use (as of December 31, 2008 this was 58.5 cents per mile).

Section 73-20-41 NMSA 1978 is amended to exempt SWCDs with receipts greater than \$5,000 from an annual audit. Instead, it requires “financial reporting as appropriate to the level of the district’s revenue.” The current requirement for a financial report is amended to require the Office of the State Auditor or the Department of Finance and Administration to pay for the preparation of the report.

Section 73-20-46 NMSA 1978 “DISTRICT ASSESSMENTS” is amended to remove language allowing SWCDs to levy less than \$1 on each \$1 thousand of net taxable value as that term is defined in the Property Tax Code.

FISCAL IMPLICATIONS

The Office of the State Engineer and the Interstate Stream Commission state that this bill creates no fiscal implications for their agencies.

SIGNIFICANT ISSUES

SWCDs are funded by mil levies, and according to the Office of the State Auditor many of them currently pay for their annual audits from annual revenues. Neither the Office of the State Auditor nor the Department of Finance and Administration are given budgets to pay for SWCD audits or financial reporting.

CONFLICTS

Senate Bill 311 exempts SWCDs from an annual audit and substitutes a requirement for “financial reporting appropriate to the level of the district’s revenue.” Such an exemption could be in conflict with the state’s Audit Act (Sections 12-6-1 through 12-6-14 NMSA 1978).

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The existing provisions of Sections 73-20-40, 41, and 46, NMSA 1978 would remain in effect.

CH/svb:mt