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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/10

SPONSOR Lundstrom LAST UPDATED _____ HB 39

SHORT TITLE Uniform Reporting for Certain Entities SB _____

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
NFI	NFI	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	\$30.0	\$30.0	\$30.0	\$90.0	Recurring	General Fund (See Fiscal Summary)

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Renewable Energy Transmission Authority (RETA)

New Mexico Spaceport Authority (NMSA)

New Mexico Finance Authority (NMFA)

Department of Finance and Administration (DFA)

No Response from New Mexico Border Authority (NMBA)

SUMMARY

Synopsis of Bill

House Bill 39 amends certain sections of the New Mexico Finance Authority Act, the Border Development Act, the Spaceport Development Act, and the New Mexico Renewable Energy Transmission Authority Act to require uniform reporting.

FISCAL IMPLICATIONS

Of the four authorities impacted by House Bill 39, the New Mexico Spaceport Authority (NMSA) and the New Mexico Border Authority (NMBA) are the only two entities that receive state general fund appropriations for operational purposes. The Department of Finance and Administration reports a conservative estimate to carry out the requirements of this bill could cost each of the four entities approximately \$15 thousand annually to develop the reports required by this bill.

The estimated fiscal impact indicated in the above table only addresses the potential cost to the two agencies that receive state general fund appropriations for operational costs. The New Mexico Finance Authority (NMFA) and the Renewable Energy Transmission Authority (RETA) indicate the bill could result in increased operational costs, but neither entity provided an estimated fiscal impact.

SIGNIFICANT ISSUES

House Bill 39 requires NMFA and NMRETA to prepare and update on an annual basis, in a spreadsheet format approved by the New Mexico Finance Authority Oversight Committee, the following reports:

- 1) an annual report the aforementioned authority's operational budget;
- 2) a quarterly report of all transactions from loan, grant or lease-purchase programs and other funds administered by the authorities;
- 3) a quarterly report on all applications for loan, grant, lease purchase and funds administered by the authorities, including applications that were turned down or did not qualify for funding;
- 4) a quarterly report on each issuance of bonds by the authority;
- 5) a quarterly report on the investment of all funds controlled by the authority;
- 6) identify any investment consultants, contractors and investment banking firms used including costs and fees paid;
- 7) prepare and update written policies which will be subject to annual review by NMFA oversight committee for all programs and funds administered by the authorities, including lending criteria and fund or program priorities and goals; and
- 8) Prepare and update procurement policies and a five-year strategic budget which shall be subject to annual review and approval by the oversight committee and will include the assumptions on which the budget is based and the policies relating to each budget section.

The bill requires similar reporting requirements listed above for the New Mexico Border Authority and the New Mexico Space Authority for all infrastructure development and economic development projects supported or fostered by the authorities.

OTHER SUBSTANTIVE ISSUES

Each of the agencies named in House Bill 39 are already, as required by statute, governed by a board of directors or commission. The NMFA and NMRETA both develop operating budgets with two-year projections and all the entities are required to provide similar reports as required in House Bill 39 to their boards. NMFA is currently statutorily required to report to the NMFA

Oversight Committee on an on-going basis and all rules and regulations for funding programs administered by NMFA must be adopted by the oversight committee. Rules and regulations are established for each program separately and provide the framework for each program in terms of implementation and administration as authorized by the NMFA Act. The NMFA Board also adopts policies for each program that establish specific details such as interest rates, coverage requirements, reserves and other lending or grant criteria. Inasmuch as the Border Authority and the Spaceport Authority use state general fund for operational purposes, both must provide similar reports as required in the bill to both the Department of Finance and Administration and the Legislative Finance Committee.

LMK/mew