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FISCAL IMPACT REPORT

ORIGINAL DATE 03/01/10
LAST UPDATED 03/02/10 **HB** 5/aHAFC
SPONSOR Trujillo
SHORT TITLE Severance Tax Bond Projects **SB** _____
ANALYST Kehoe, Leger, Burns

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
\$41,800.0		Nonrecurring	Severance Tax Bond Fund
\$1,200.0		Nonrecurring	Game & Fish Bond Retirement Fund
\$2,300.0		Nonrecurring	Game Protection Fund
\$350.0		Nonrecurring	State Road Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment expands the language to allow the Department of Transportation to make expenditures for salt domes statewide.

Synopsis of Original Bill

House Bill 5 authorizes \$41.8 million from severance tax bond capacity and authorizes approximately \$3.9 million from other state funds for various capital outlay projects statewide. The bill also includes 26 reauthorizations that propose expanding language, extending the period of time for expenditure, changes an administering agency, and reauthorizes existing balances for certain capital projects. The bill contains an emergency clause. A spreadsheet listing the recipients and proposed allocations within this bill is attached.

FISCAL IMPLICATIONS

The authorization totaling approximately \$45.7 million contained in this bill is a nonrecurring expense to severance tax bond (STB) capacity and other state funds (bond interest and retirement

fund, game protection fund, and state road fund). Except for appropriations to the capital program fund, money from STB proceeds and any other fund contained in this bill may not be used to pay indirect project costs.

The balance of an appropriation made from state funds to the Indian Affairs Department or the Aging and Long-Term Services Department for a project located on lands of an Indian nation, tribe or pueblo shall revert to the tribal infrastructure project fund within the time-frames set forth in this bill. For the purpose of sections 1 and 2 of this bill, “unexpended balance” means the remainder of an appropriation after reserving for unpaid costs and expenses covered by binding written obligations to third parties.

Unless otherwise specified, the unexpended balance from severance tax bond proceeds will revert to the STB fund no later than the following dates: 1) for a project for which STB were issued to match federal grants, six months after completion of the project; 2) for a project issued to purchase vehicles, including emergency vehicles and other vehicles requiring special equipment, heavy equipment, books, educational technology, or other equipment or furniture not related to a more inclusive construction or renovation project, at the end of the fiscal year two years following the fiscal year in which the severance tax bonds were issued for the purchase; and 3) any other projects for which STB were issued, within six months of completion of the project, but no later than the end of fiscal year 2014.

All remaining balances from the proceeds of STB issued for projects in this bill shall revert to the STB fund three months after the latest reversion date specified in this bill. The balance of an appropriation made from “other state funds” shall revert in the time frame set within the bill to the originating fund.

In compliance with the Severance Tax Bonding Act, the State Board of Finance (BOF) is authorized to issue and sell STB in an amount not to exceed the total of the amounts appropriated in this bill. BOF must also comply with the Internal Revenue Code of 1986, as amended. The agencies named in this bill shall certify to BOF when the money from the proceeds of the severance tax bonds authorized in the bill is needed for the purposes specified in the applicable section of the bill. Before an agency certifies for issuance of the bonds, the project must be developed sufficiently so that the agency reasonably expects to: 1) incur within six months after the applicable bonds have been issued a substantial binding obligation to a third party to expend at least five percent of the bond proceeds for the project; and 2) spend at least eighty-five percent of the bond proceeds within three years after the applicable bonds have been issued.

Based on the certification of project readiness by grantees, the BOF authorizes the sale of bonds. The issuance of tax-exempt bonds for projects not ready to commence leaves the state open to noncompliance with the Internal Revenue Service Code. Failure to spend STB proceeds in a timely manner causes the state, under IRS regulations, to have to rebate interest earnings the state could otherwise use to reduce the cost of a project or to reduce debt service costs.

SIGNIFICANT ISSUES

This bill recommends 23 projects authorized from FY10 severance tax bond capacity and two (2) projects authorized from other state funds. Of the 23 projects, 18 projects reflect needs impacting public health and safety deficiencies and completion of projects at state-owned and operated facilities. The bill also authorizes two economic development projects totaling \$8.5 million--\$2.5

million for the Bernalillo County financial services economic development project (Fidelity), and \$6 million for the Rio Rancho Tech Support Center (Hewlett Packard). The bill also appropriates \$2 million for colonias infrastructure improvements and \$2.5 million for tribal infrastructure projects.

House Bill 5 includes 26 reauthorizations within the bill. The reauthorizations propose expanding language, extending the period of time for expenditure, changes an administering agency, and reauthorizes existing balance funds for certain other capital projects. Major reauthorizations include the following:

- Sections 17 and 39 reauthorize nearly \$3 million originally appropriated for the equestrian facility and for state building improvements and are reauthorized to the New Mexico State Fair Commission to renovate and improve Carrie Tingley Coliseum and other facilities on the Expo New Mexico campus.
- Sections 18 and 19 reauthorize \$1 million originally appropriated for state building repairs and renovations and are reauthorized to the General Services Department to purchase, install, equip and furnish, the new tri-service laboratory in Albuquerque and includes moving new and existing furniture and equipment to the facility.
- Section 20 reauthorizes \$2 million originally appropriated for the equestrian facility to the University of New Mexico to plan, design, demolish, furnish, construct, renovate and equip the baseball stadium.
- Section 21 reauthorizes \$700,000 originally appropriated for fairground and rodeo facility improvements and is reauthorized to the University of New Mexico to acquire a magnetic resonance imaging scanner for use by the Office of the Medical Investigator at the tri-services facility.
- Sections 25, 27, 28, 29, and 30 reauthorize \$1.5 million (Section 27) originally appropriated for the equestrian facility and is reauthorized to plan, design, construct, equip and furnish a safety inspection station in Santa Teresa and extends the time for expenditures through fiscal year 2012.
- Section 35 reauthorizes \$5 million originally appropriated for purchase of property owned by the United States General Services Administration and the United States Forest Service and expands the use of funds to also allow for acquisition of certain parcels of vacant land within the former College of Santa Fe campus.
- Section 36 reauthorizes nearly \$5 million originally appropriated for fair and arena rodeo facilities and is reauthorized to the Energy, Mineral, and Natural Resources Department for restoration projects and the purchase of conservation easements statewide.
- Section 37 reauthorizes \$300,000 originally appropriated for rodeo facilities and is reauthorized to the Department of Public Safety for state police vehicle replacements and improvements.

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- Section 38 reauthorizes \$500,000 originally appropriated for the equestrian facility and is reauthorized to the Carlsbad Branch of New Mexico State University for mechanical and infrastructure renovations.

LMK:JLL:KJB/svb

Capital Outlay Projects

STB bill HOUSE - LEGST005

Legislative Council Service

Funded Projects by Fund and Agency

49th Legislature, 2nd Special Session, 2010

ID	Project Title	Track	Agency	County	Total Amount
Fund: STB					
2459	STW-AOC SECURITY EQUIP & INFRA STATEWIDE		AOC	Statewide	1,000,000
2388	STW-CYFD YDDC ALB FCLTY CAMBIAR NM REN & EQUIP		CPF	Bernalillo Co.	400,000
2461	STW-CYFD YDDC CAMPUS UPGRADES		CPF	Bernalillo Co.	500,000
2460	STW-CYFD YDDC/CAMINO NUEVO SECURITY SYSTEMS		CPF	Bernalillo Co.	500,000
2383	STW-DOH SCIENTIFIC LAB EQUIP & FURNISH		CPF	Bernalillo Co.	500,000
2462	STW-TRD MVD CLOVIS FIELD OFFICE IMPROVE		CPF	Curry Co.	400,000
145	STW-DPS SANTA TERESA PORT OF ENTRY CONSTRUCT		CPF	Dona Ana Co.	2,500,000
2597	STW-DPS LAS CRUCES/LAS VEGAS DIST OFFICES		CPF	Multiple Co.	820,000
2456	STW-DOH NMBHI NEW MEADOWS & PONDEROSA CONSTRUCT		CPF	San Miguel Co.	7,000,000
422	STW-CD SOUTHERN & CENTRAL FCLTIES HVAC/INFRA		CPF	Statewide	2,000,000
142	STW-DOH FACILITIES HEALTH/SAFETY IMPROVE		CPF	Statewide	2,400,000
134	STW-GSD STATE BLDGS DEMOLISH/DECOMMISSION		CPF	Statewide	500,000
148	STW-GSD STATE BUILDINGS REPAIR & RENOVATE		CPF	Statewide	3,480,000
137	STW-CAD FACILITIES REPAIR/IMPROVE STATEWIDE		CAD	Statewide	1,100,000
135	STW-CTSRRR TRACK REHAB		CTSRR	Rio Arriba Co.	400,000
155	STW-SEO DAMS EMERGENCY REPAIR-BLUEWATER/HATCH		SEO	Multiple Co.	1,000,000
2809	STW-BERN CO FINANCIAL SVCS ECONOMIC DEV PROJECT		DFA	Bernalillo Co.	2,500,000
2810	STW-RIO RANCHO TECH SUPPORT CENTER		DFA	Sandoval Co.	6,000,000
2402	STW-COLONIAS INFRASTRUCTURE IMPROVE		DFA	Statewide	2,000,000
138	STW-DPS LAW ENFORCEMENT VEHICLES		DPS	Statewide	300,000
181	STW-IAD TRIBAL INFRASTRUCTURE PROJECTS		TIPF	Statewide	2,500,000
226	STW-NMJC ROOF IMPROVE/REPLACE		HED	Lea Co.	3,000,000
117404	STW-ENMU INFRA & GREYHOUND ARENA		ENMU	Roosevelt Co.	1,000,000
					41,800,000
Fund: GFB					
2598	STW-GFD ROCK LAKE WARM WATER FISH HATCHERY-GFB		GFD	Guadalupe Co.	1,200,000
					1,200,000
Fund: GPF					
2599	STW-GFD ROCK LAKE WARM WATER FISH HATCHERY-GPF		GFD	Guadalupe Co.	2,300,000
					2,300,000
Fund: SRF					
200	STW-DOT CLINES CORNERS SALT DOMES CONSTRUCT		DOT	Torrance Co.	350,000
					350,000
Fund: RET					
117393	ALB TRI-SERVICES LAB PRJT, RET		CPF	Bernalillo	0
117391	STATE LAB TRI-SVCS LAB FCLTY PROJECT, RET		CPF	Bernalillo	0
117365	SANTA TERESA SAFETY INSPECTION STATION 83/398, RET		CPF	Dona Ana	0
117374	SANTA TERESA SAFETY INSPECTION STATION 21/9, RET		CPF	Dona Ana	0
117363	SANTA TERESA SAFETY INSPECTION STATION 83/208, RET		CPF	Dona Ana	0

Capital Outlay Projects

STB bill HOUSE - LEGST005

Legislative Council Service

Funded Projects by Fund and Agency

49th Legislature, 2nd Special Session, 2010

ID	Project Title	Track	Agency	County	Total Amount
117366	SANTA TERESA SAFETY INSPECTION STATION 83/209, RET		CPF	Dona Ana	0
117368	SANTA TERESA SAFETY INSPECTION STATION 83/397, RET		CPF	Dona Ana	0
117362	CTOA BUILDING UNM CAMPUS, RET		CTOA	Bernalillo	0
117389	NMSD CAMPUS DEFICIENCIES, RET		NMSD	Santa Fe	0
117367	CANNON AIR FORCE BASE, RET		EDD	Curry	0
117405	SIGN & LANGUAGE ACAD CHARTER SCHOOL FACILITY, RET		PED	Bernalillo Co.	0
117358	MORA/LAS VEGAS/WEST LV PSD INFO TECH/PHONES, RET		PED	Multiple Co.	0
117369	CONSERVATION EASEMENTS PURCHASE 5/2B(15), RET		EMNRD	Statewide	0
117340	DE BACA CO TRANSFER STATION CONSTRUCT & EQUIP, RET		DOE	De Baca	0
117396	HATCH WASTEWATER SYSTEM IMPROVE, RET		DOE	Dona Ana	0
117388	EXPO NM & TINGLEY COLISEUM IMPROVE 5/2B(12), RET		SFC	Bernalillo	0
117402	TINGLEY COLISEUM & EXPO NM FACILITIES 3/9, RET		SFC	Bernalillo	0
117400	WEST CAPITOL COMPLEX PROPERTY ACQUISITION, RET		GSD/PC	Santa Fe	0
117398	EXPLORA SCIENCE CTR & CHILDREN'S MUSEUM 16/21, RET		LGD	Bernalillo	0
117399	EXPLORA SCIENCE CTR & CHILDREN'S MUSEUM 45/30, RET		LGD	Bernalillo	0
117361	ALAMOGORDO PUBLIC LIBRARY RENOVATE, RET		LGD	Otero	0
117397	STATE POLICE FLEET REPLACEMENTS 22/5, RET		SPD	Statewide	0
117370	NMSU PAN AMERICAN CENTER, RET		NMSU	Dona Ana	0
117401	NMSU-CARLSBAD INFRA RENOVATION, RET		NMSU	Eddy	0
117386	UNM BASEBALL STADIUM, RET		UNM	Bernalillo	0
117394	UNM MAGNETIC RESONANCE IMAGING SCANNER, RET		UNM	Bernalillo	0
					0
STB Total					41,800,000
Other State Fund Total					3,850,000
Grand Total					45,650,000