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FISCAL IMPACT REPORT

ORIGINAL DATE 01/19/11
LAST UPDATED 02/15/11 **HB** 53/aHTRC

SPONSOR Varela

SHORT TITLE NMFA Public Project Fund Projects **SB** _____

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
NFI	NFI	N/A	Public Project Revolving Loan Fund (see Fiscal Impact)

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment authorizes an additional six (6) eligible entities to seek financial assistance from the Public project revolving fund. The entities include: Clovis Community College, Gila Regional Medical Center, Village of Corrales, Melrose Public School District, Bernalillo Public School District, and Rehoboth McKinley Christian Hospital.

Synopsis of Original Bill

House Bill 53, endorsed by the New Mexico Finance Authority Oversight Committee, authorizes the New Mexico Finance Authority (NMFA) to make loans to qualified state, local, and political subdivision entities for 130 public projects statewide from the public project revolving fund (PPRF). This bill contains an emergency clause.

FISCAL IMPLICATIONS

House Bill 53 does not appropriate funds; however, loans made in the interim as a result of passage of this bill would result in reducing the current loan capacity of PPRF. A significant source of capital for infrastructure loans administered by NMFA is derived from an annual distribution of 75% of the state's Governmental Gross Receipts Tax (GGRT), approximately \$23 million for FY11. In addition to GGRT, NMFA raises capital through the issuance of tax-

exempt pooled bonds, direct loan repayments, and other fees. As of June 30, 2010, the NMFA made 938 loans totaling nearly \$1.8 billion from PPRF.

The following chart demonstrates allocations of GGRT for the first two months of FY11 and allocations for the last five years:

Governmental Gross Receipts Tax - Annual Fiscal Year Collections

	FY 2011 *	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
Net GGRT Receipts	5,626,217	30,375,481	29,370,303	29,186,583	27,936,430	26,918,001
Youth Conservation Corp	562,622	3,037,548	2,937,030	2,918,658	2,793,643	2,691,800
State Park & Rec Capital Improvements	787,670	4,252,567	4,111,842	4,086,122	3,911,100	3,768,520
Department of Cultural Affairs	56,262	303,755	293,703	291,866	279,364	269,180
New Mexico Finance Authority	4,219,663	22,781,610	21,889,937	20,952,322	20,188,501	18,540,220

**FY11 figures represent first two months of fiscal year which is most current data available.*

The passage of this bill may reduce borrowing costs to qualified entities due to fixed interest rates for loans from the Authority. Additionally, interest rates may be subsidized further if borrowers qualify for disadvantaged funding provided by NMFA. The disadvantaged rates are determined based on an entity’s Median Household Income (MHI) in relation to the state’s MHI and provides 0% or 3% interest rates per entity per fiscal year. The rates for disadvantage funding are based on a maximum funding level of \$75,000 for each equipment loan and \$200,000 for each infrastructure loan per fiscal year.

Legislative authorization provided by House Bill 53 does not guarantee the projects will receive a loan. Loans are only made to those entities with a sufficient source of revenue for repayment of the loan and other financial criteria established by NMFA.

SIGNIFICANT ISSUES

The New Mexico Finance Authority (NMFA) was created as a governmental instrumentality in 1992 to coordinate and facilitate the planning and financing of state and local capital projects in New Mexico. As a non-governmental entity, NMFA is able to utilize financing mechanisms to leverage and maximize the state’s capital investments in state and local projects. The Authority partners with local government entities, state agencies, legislators, legislators, repeat borrowers and financial advisors to carry out their mission while at the same time sustaining the capacity of loan programs NMFA administers.

OTHER SUBSTANTIVE ISSUES

House Bill 53 authorizes several public school districts and higher education institutions to seek loans from PPRF administered by NMFA. Public schools and higher educational institutions statewide have a great need to address infrastructure deficiencies on their campuses, but have limited resources. The Authority’s ability to make loans from PPRF at below-market rates maximizes public resources to benefit public schools and higher education institutions.