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FISCAL IMPACT REPORT

ORIGINAL DATE 01/19/11
 LAST UPDATED 02/07/11 HB _____

SPONSOR Papen

SHORT TITLE Las Cruces Land & Building Donation SJR 1/aSFC

ANALYST Archuleta

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	*See Fiscal Impact	*See Fiscal Impact	*See Fiscal Impact		Nonrecurring	

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)

SUMMARY

Synopsis of SFC Amendment

The amendment to Senate Joint Resolution 1 requires that the authorization be contingent upon agreement by the parties in the conveyance document that, if the city of Las Cruces ever decides that the property is no longer needed for any municipal purpose and should be disposed of, at the option of the state and at no cost to the state, the property shall be reconveyed by the city to the state.

Synopsis of Original Bill

Senate Joint Resolution 1 authorizes the Property Control Division (PCD) of GSD to donate a building located in downtown Las Cruces to the City of Las Cruces. The property, known as the Camunez Building, was donated to the state in 1994. The State Board of Finance accepted the donation at its August, 1994 meeting. The property consists of .209 acre, and a 9,150 square foot, two-story masonry brick building built in the early 1920s and remodeled many times over the course of its existence.

FISCAL IMPLICATIONS

GSD suggests that transferring the building to the City of Las Cruces will relieve PCD of ongoing liability associated with owning an unoccupied facility.

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It is not clear whether or not this asset could be sold or traded resulting in revenue or equivalent asset value to the state.

SIGNIFICANT ISSUES

The Capitol Buildings Planning Commission has not been supporting the donation of state assets, particularly in areas where the state could benefit from land swaps. (e.g. the state needs land/location for consolidated state office building).

There is no dedicated parking for the facility – all parking is on the street owned by the City of Las Cruces. Numerous state agencies have occupied the building, including the Human Services Department, Children, Youth and Families Department, and Public Defender. No agency has found that the facility meets its programmatic needs, and all moved out. The building is currently vacant.

The “undepreciated book value” of the building on GSD fixed assets inventory is \$549,000. Even though there was no cost to acquire the building, PCD has invested over \$800,000 over the last 16 years to improve wiring, plumbing, HVAC and structure in a vain attempt to secure a long-term occupant. PCD has determined that it is no longer cost effective to continue investing in the facility, and the highest and best use is by the City of Las Cruces for economic development purposes.

PERFORMANCE IMPLICATIONS

Disposing of the Camunez Building will improve PCD performance measure “percentage of state-owned space occupied” since the facility is unoccupied.

ADMINISTRATIVE IMPLICATIONS

PCD staff will execute a quit-claim deed upon approval of the donation.

ALTERNATIVES

Change “donation” to “sell for fair market value.” The City of Las Cruces could withdraw its offer to acquire under those conditions.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

PCD will continue to own an unoccupied building that is unsuitable for state use and may require future capital investment.

DA/svb