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FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/12
SPONSOR HAFC **LAST UPDATED** 02/02/12 **HB** 55/HAFCS

SHORT TITLE Local Government Planning Fund **SB** _____

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
(\$2,000.0)		Nonrecurring	Public Project Revolving Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
\$2,000.0			Nonrecurring	Local Government Planning Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

The House Appropriations and Finance Committee Substitute for House Bill 55 appropriates \$2 million from the public project revolving fund to the local government planning fund administered by the New Mexico Finance Authority (NMFA) for the purpose of funding local government planning for water or wastewater system development, economic development or long-term water management and water conservation strategies. The bill expands the purpose of the local government planning fund to allow payment from the fund for planning for infrastructure and for energy audits. The bill further eliminates the statutory requirement that certain grants made from the fund be repaid. The bill contains an emergency clause.

FISCAL IMPLICATIONS

The local government planning fund is capitalized by funds authorized by the Legislature from the public project revolving fund (PPRF). Any unexpended funds do not revert to the PPRF.

The NMFA administers the local government planning fund and may make grants to qualified entities for a maximum amount of \$50,000 based on a sliding scale of an entity's median household income and local burden ratio. Current statute requires entities to reimburse the fund with no interest or fee, but if the entity obtains financing through the NMFA for the project, the repayment provision is waived. This bill removes the requirement that certain grants be repaid.

According to EMMRD, audits cost approximately 30 cents per square foot of facility heating and cooled floor area. A \$50 thousand planning grant, based on the maximum allowable per project, could cover energy audit costs for up to 166,667 square feet of a local government facility.

SIGNIFICANT ISSUES

The Legislature in 2002 created the water and wastewater planning fund to provide grants for qualified entities to plan and estimate the costs of implementing the most cost effect and means to meet water and wastewater public project needs and to assist in paying for the administrative costs of the program. In 2005, the Legislature changed the name to the local government planning fund and expanded the scope to allow planning grants for water conservation, long-term master plans, and economic development plans. Grants from the fund do not require legislative authorization.

To date, NMFA has closed 76 projects totaling more than \$2 million from the local government planning fund. An additional 49 projects totaling approximately \$1.2 million have been approved by the NMFA Board, but are awaiting engineering evaluation of their system to determine operational status and areas needing improvement before accessing.

OTHER SUBSTANTIVE ISSUES

The local government planning fund currently has limited funds for use toward planning for future water, wastewater, or economic development plans.

LMK/amm:svb