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FISCAL IMPACT REPORT

SPONSOR Louis/Keller ORIGINAL DATE 03/08/13
 LAST UPDATED _____ HJM 47

SHORT TITLE Study Public-Private Partnerships SB _____

ANALYST Wojahn/Chabot

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	*See Fiscal Implications	*See Fiscal Implications			Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Joint Memorial 47 (HJM 47) calls for the New Mexico Legislative Council Service (LCS) to create a task force to study and evaluate the laws concerning public-private partnerships (P3s) in other states as well as existing P3 projects, and determine if such partnerships would be beneficial to the state of New Mexico.

HJM 47 asks this task force examine, in regard to legislation and P3s in other states, issues such as transparency; trade secrets and confidentiality; best value for taxpayers; comparisons with traditional capital outlay and bonding financing methods; full-cost assessments; the application of triple bottom line accounting principles; job creation and displacement, including evaluation of job benefits and salaries; environmental impacts; revenue sources; effects on local business; contract and employee hiring; private company profits; non-compete clauses; procurement methods; public input and oversight; legislative input and oversight; eminent domain; and best and worst practices in each of these areas.

Members of the proposed task force shall be appointed by the LCS and be composed of the following members:

- six members from each house of the legislature;

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- one member from a labor union in the state who represents primarily private sector employees;
- one member from a labor union in the state who represents primarily public sector employees;
- one member from the business community in the state;
- one member who represents an environmental organization;
- one member who represents local governments;
- one member from an organization with a primary mission of good government, transparency or other public interest goals; and
- the following members who may serve in person or through a designee:
 - the Secretary of Economic Development Department;
 - the Attorney General
 - the State Treasurer
 - the State Auditor; and
 - the Director of the Bureau of Business and Economic Research at the University of New Mexico.

HJM 47 would require the task force to develop a work plan and budget for the LCS's approval prior to July 1, 2013. This memorial would also require the task force to report its recommendations and findings to the relevant legislative interim committees that deal with finance, water and natural resources, revenue stabilization and tax policy and economic and rural development by November 1, 2013.

FISCAL IMPLICATIONS

HJM 47 requests the LCS to create a sizeable task force without any appropriation. The Legislative Finance Committee, a committee of 18 members, typically budgets \$5 thousand a day for meetings. Figuring approximately \$280 dollars a day per person, the requested task force would need \$6,440 every day they convene.

SIGNIFICANT ISSUES

The EDD states it “has seen an increase in the number of local governments using public private partnerships as a tool in their regional economic development efforts to fund and implement their economic and community development plans and initiatives....Use of public private partnerships seems critical to a state that has limited resources; however it is understood that accountability and ROI [return on investment] are equally important.”

However, the EDD suggests there is too short a time period for the study and suggests it be given a full year to complete.

MEW:GAC/svb