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## FISCAL IMPACT REPORT

SPONSOR Stefanics ORIGINAL DATE 2/7/17  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE "Local Public Body" Exemption SB 222

ANALYST Romero

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NFI	NFI	NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 222 expands the definition of political subdivisions. The bill changes the definition to include every political subdivision that expends public money of less than \$50 thousand annually.

### FISCAL IMPLICATIONS

None noted

### SIGNIFICANT ISSUES

Currently the threshold for defining a political subdivision are those expending public money of less than \$10 thousand annually pursuant to Section 6-6-1 NMSA 1978. This annual revenue threshold is exclusive of capital outlay funds and federal or private grants disbursed directly by an administering agency.

Senate Bill 222 will reduce the number of entities falling under regulatory oversight of the DFA Local Government Division (LGD) by approximately 141 entities. With a reduced case load, LGD staff would be able to focus limited resources on oversight of larger local public bodies and on special projects. These 141 small local public bodies are typically fiscally sound and do not require extensive oversight.

LGD's oversight is occasionally important to ensure proper budgeting and compliance with state laws and regulations. The fact that small entities must report regularly to LGD may also be a deterrent to prevent fraud, waste, and abuse in very small political subdivisions. LGD oversight also provides a better chance that a political subdivision with an impending fiscal crisis will receive intervention sooner. Without LGD's oversight, small political subdivisions the most meaningful state oversight left would be through the State Auditor's Office review of audited financial statements, which are not produced until roughly 5 months after the end of a fiscal year.

IR/jle