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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/19

SPONSOR Martinez/Rep. Salazar, T LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Equipment Purchases for Land Grants SB 44

ANALYST Jorgensen

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

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

Department of Transportation (DOT)

### SUMMARY

#### Synopsis of Bill

Senate Bill 44 allows land grants to participate in the Local Governments Road Fund equipment hardship purchase program, administered by the Department of Transportation (DOT). Currently, DOT may expend up to \$500 thousand per year from the local government road fund to purchase equipment for counties and municipalities that would have otherwise been auctioned off by DOT.

### FISCAL IMPLICATIONS

Because SB44 does not change the amount of funding available for hardship equipment purchases or mandate DOT sell additional equipment, there is no fiscal impact associated with SB44.

### SIGNIFICANT ISSUES

The Department of Finance and Administration notes the following:

When determining a financial hardship in regards to the local governments road fund, the DOT requests that the DFA Local Government Division (LGD) provide a financial

analysis of the local government being considered for equipment purchases. An issue arises when considering if a land grant mercedes meets the definition of a local public body under Section 6-6-1 NMSA 1978, which states "Local public body does not include a mutual domestic water consumers association, a land grant, an incorporated municipality or a special district with an annual revenue, exclusive of capital outlay funds, federal or private grants or capital outlay funds disbursed directly by an administrating agency, of less than fifty thousand dollars (\$50,000)". Not many land grants have revenues exceeding \$50,000, which could limit the number of land grants that LGD would have financial data on in order to perform a financial analysis for participation in the DOT's determination of financial hardship rules under SB44.

CJ/gb