

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR SFC ORIGINAL DATE 2/17/2020
 LAST UPDATED _____ HB _____

SHORT TITLE 2020 Capital Projects Go Bond Act SB 207/SFCS/ec

ANALYST Kehoe/Edwards

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
\$198,491.4		Nonrecurring	General Obligation Bond Capacity (See Fiscal Implications)

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Finance Committee Substitute for Senate Bill 207 authorizes the issuance of general obligation bonds (GOB) totaling approximately \$198.5 million. The bill proposes three bond issues including capital expenditures for senior citizen facilities statewide (\$33 million); for library resource acquisitions (\$9.5 million); and for higher education, special school and tribal school capital improvements and acquisitions (\$156 million). The bill contains an emergency clause. *A listing of the projects contained in this bill is attached.*

FISCAL IMPLICATIONS

According to revenue estimators, general obligation bond (GOB) capacity is \$198.9 million, or approximately 0.297 percent of the net taxable value of property. Authorizing no more than the stated capacity maintains a flat mil levy. The authorization of \$198.5 million includes the cost of issuance, a nonrecurring expense to GOB capacity, according to the State Board of Finance.

Issuance and sale of general obligation bonds requires approval by the electorate in the November 2020 general election. General obligation bonds are payable from ad valorem (property) taxes levied on all property in the state subject to property taxation. The bonds are backed by the full faith and credit of the state.

If ratified by the voters, general obligation bonds are approved for issuance by the State Board of Finance in spring of 2021 following the general election. The funds authorized in this bill will be available to the recipients in the spring of 2021.

The state agencies and higher education institutions to which money has been appropriated in this bill shall be responsible for monitoring the projects funded in the bill to ensure compliance with the laws and Constitution of New Mexico and shall cause to be reverted any unexpended or unencumbered balance remaining at the earlier of the third full fiscal year after issuance of the bonds or the termination or completion of the specific project. Reverted funds shall be deposited in the debt service fund established by the state treasurer for the purpose of paying the principal and interest on the state's general obligation bonds.

SIGNIFICANT ISSUES

The Aging and Long Term Services Department (ALTSD) received capital outlay requests totaling \$78 million for 164 projects from senior centers statewide; ALTSD recommended 99 projects for just over \$33 million. ALTSD and Area Agencies on Aging rated projects statewide by applying criteria and allocating points to prioritize projects in five categories: code compliance, meals and other equipment, vehicles, construction and major additions, and for plan and design. The senior center projects in this bill were recommended in their entirety by ALTSD.

The New Mexico Library Association requested \$17.5 million on behalf of public libraries, public school libraries, academic libraries, and tribal public libraries. Public and tribal libraries will continue to allocate the funding based on county populations and library service areas, as required by regulation. Public school libraries distribute bond funds with a base grant to each public and charter school with an operating school library, with remaining funds distributed by per capita student count by building. About two-thirds of funding for New Mexico college and university libraries will be distributed based on full-time-equivalent student enrollment and the remaining one-third will be used to collaboratively purchase electronic resources (academic journals, electronic reference books, electronic books, educational films, etc.) for all students regardless of institution or course work, particularly in rural areas.

Institutions of higher education, special schools, and tribal schools requested nearly \$301 million for capital needs statewide. The bill proposes approximately \$156 million for projects requested by the schools. The largest projects include \$18 million for phase two of a new agricultural education facility at New Mexico State University, \$13.2 million for academic and research infrastructure at the University of New Mexico main campus, \$30 million for a new College of Nursing and Population Health building at the University of New Mexico Health Sciences Center, and \$13 million for Phase 2 of a central student services building at Central New Mexico Community College.

OTHER SUBSTANTIVE ISSUES

The Higher Education Department held hearings in Alamogordo, Roswell, Espanola, Albuquerque, and Crownpoint. Post-secondary education institutions, the two special schools, and tribal schools (Dine College, the Institute of American Indian Arts, Southwestern Indian Polytechnic Institute, and Navajo Technical University) presented their capital requests at the hearings.

The proposed projects in the bill for consideration by the full Legislature were based on the following criteria:

- Student, faculty, and public safety
- Project completion
- Funding from other sources
- Project readiness
- Facility condition index
- Instructional & General (I&G) and space utilization
- Full-time student enrollment trends
- Programmatic use of building
- Energy-efficiency standards

TE/LK/al/sb/rl