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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/22

SPONSOR Herrera LAST UPDATED _____ HB 42/ec/aHAFC

SHORT TITLE Public Project Revolving Fund Projects SB _____

ANALYST Taylor

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|------------------------------|------------------|
| FY22 | FY23 | | |
| NFI | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

NMFA

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 42 adds language that expands the number of eligible projects from 90 to 187.

Synopsis of Original Bill

House Bill 42, Public Project Revolving Fund Projects, authorizes the New Mexico Finance Authority to provide loans from the Public Project Revolving Loan Fund to 90 state and local entities. NMFA is authorized to make these loans on terms and conditions established by the NMFA. The bill also stipulates that if an entity listed in the bill has not certified to the NMFA its desire to pursue a loan for a listed project by the end of FY 2025, the authorization for the loan is void. House Bill 42 was endorsed by the New Mexico Finance Authority Oversight Committee.

The bill has an emergency clause.

FISCAL IMPLICATIONS

HB 42 does not make an appropriation. There is no fiscal impact to the State's General Fund.

SIGNIFICANT ISSUES

NMFA notes that this legislation may reduce borrowing costs to the qualified entities as they will be able to receive competitive interest rates through the Public Project Loan Fund program. Entities that qualify for disadvantaged funding may be able to borrow at subsidized interest rates. These rates, which vary from 0% to 2%, are determined based on the entity's median household income relative to the state's median household income.

NMFA also notes that their bonds are not an obligation of the State and do not affect the State's bond ratings.

NMFA's analysis reports that the authorization provided in the bill does not guarantee that these projects will get a PPRF loan as these loans are only made to entities that can identify a sufficient repayment source and meet other financial criteria established by the NMFA.

BT/al/acv