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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

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*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

*Click all that apply:*

**Original**     **Amendment**      
**Correction**     **Substitute**   

**Date** 2024-02-02

**Bill No:** HB308

**Sponsor:** Lente, Derrick J.                      **Agency Name and Code**    NMHED  
**Short**    GENERAL OBLIGATION                      **Number:** \_\_\_\_\_  
**Title:**    BONDS    **Person Writing**    Hoehne, Gerald  
**Phone:** 5054768434    **Email** gerald.hoehne@hed.n

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
N/A	\$290,618.60	Nonrecurring	General Obligation Bond Capacity

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

**SECTION III: NARRATIVE**

**BILL SUMMARY**

HB308 authorizes the issuance of General Obligation Bonds (GOB) totaling approximately two hundred and ninety million six hundred and eighteen thousand six hundred dollars (\$290,618,600). The bill proposes four bond issuances during the 2024 General Election and includes funding for capital expenditures for senior citizen facilities statewide in the amount of thirty million seven hundred fifty-eight thousand one hundred dollars (\$30,758,100); for academics, public schools, Tribal and public library resource acquisitions statewide in an amount not to exceed nineteen million three hundred five thousand dollars (\$19,305,000); for higher education, special schools, and Tribal schools capital improvements in an amount not to exceed two hundred thirty million two hundred fifty-eight thousand four hundred dollars (\$230,258,400); and to make capital expenditures for public safety radio communications systems, stabilization and modernization in an amount not to exceed ten million two hundred ninety-seven thousand one hundred dollars (\$10,297,100).

HB308 also includes a provision in Section 12 authorizing money for the Art In Public Places Fund pursuant to Section 13-4A-4 NMSA 1978 from appropriations authorized in the bill.

Section 15 includes an emergency clause authorizing the act to take effect immediately.

The New Mexico Higher Education Department's (NMHED) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

## FISCAL IMPLICATIONS

HB308 outlines bond terms within Section 3. This includes the issuance and sale of General Obligation Bonds requiring approval by the electorate in the November 2024 General Election, the fact that General Obligation Bonds are payable from ad valorem (property) taxes levied on all property in the state subject to property taxation, and that 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 2025 following the General Election. The funds authorized in this bill will be available to the recipients in late spring of 2025.

The New Mexico Higher Education (NMHED) will administer the appropriations associated with the academic library acquisitions and for capital improvements and acquisitions at independent two-year colleges and Tribal colleges. NMHED will be the administrator for these funds in accordance with FIN 9.2 Grants Management - Funding Criteria and Oversight Requirements which establishes uniform funding criteria for grantees to receive State capital outlay appropriations and grant management and oversight requirements as issued by the New Mexico Department of Finance and Administration (DFA).

The New Mexico Higher Education Department's (NMHED) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

## SIGNIFICANT ISSUES

The New Mexico Higher Education Department (NMHED) Capital Outlay Committee, chaired by Mr. Luis Campos and comprised of representatives from the NMHED, Department of Finance and Administration (DFA), Energy Minerals and Natural Resources Department (EMNRD), and Legislative Finance Committee (LFC) held capital outlay hearings throughout the state in 2023. During these hearings, Higher Education Institutions (HEIs) presented a total of seventy-six (76) capital outlay funding requests totaling \$898,737,324 in capital needs statewide. After the hearings each of the requests was reviewed and scored by each committee member using the NMHED Capital Funding Request and Management System (CFRMS). The CFRMS system is used by the NMHED to develop the statewide higher education funding recommendation. Thirty-three (33) projects were recommended at a total of two hundred and twenty-nine million, four hundred and seventy-two thousand five hundred dollars (\$229,472,500). Twenty-nine projects recommended by the NMHED are included in HB308.

Of the projects included in HB308, line 8 on page 23 appropriating ten million dollars (\$10,000,000) to plan, design, construct, furnish and equip a makerspace facility at Central New Mexico Community College (CNM) in Albuquerque in Bernalillo County is a concern. The NMHED recognizes the authority of the legislature as the appropriating body, however this project is funded, creates conflict between the University Research Park and Economic

Development Act, 21-28-1 NMSA 1978 et seq and our authority to approve capital expenditures prior to construction. The specific reason for this conflict is the language within Section 21-28-7 NMSA 1978, which states "A research park corporation shall not be deemed an agency, public body or other political subdivision of New Mexico, including for purposes of applying statutes and laws relating to personnel, procurement of goods and services, meetings of the board of directors, gross receipts tax, disposition or acquisition of property, capital outlays, per diem and mileage and inspection of records..." The makerspace facility was heard during the NMHED capital outlay hearings and the information provided documents movement of a Research Park Corporation "CNM Makerspace? from its existing facility into this new facility.

The New Mexico Higher Education Department's (NMHED) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

#### PERFORMANCE IMPLICATIONS

N/A

#### ADMINISTRATIVE IMPLICATIONS

N/A

#### CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

#### TECHNICAL ISSUES

N/A

#### OTHER SUBSTANTIVE ISSUES

N/A

#### ALTERNATIVES

N/A

#### WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The primary source of funding for capital projects at New Mexico colleges, universities, special schools, and Tribal colleges is General Obligation Bonds (GOB). The goal established by the New Mexico Higher Education Department (NMHED) in its work with the Department of Finance and Administration (DFA) and the Legislative Finance Committee (LFC) to develop the funding recommendations provided in this bill has been to provide a predictable level tax rate so voters know that by approving bonds for the amounts provided, the tax rate will not increase. If HB308

fails to pass, or subsequently if it passes the legislature and is not approved by the voters in November, there will continue to be a significant need for capital improvements for senior citizen facilities, institutions of higher education, state special schools, and Tribal colleges statewide.

#### AMENDMENTS

N/A