

HIGHLIGHTS OF CAPITAL OUTLAY HEARING

(December 11, 2015)

Capital Outlay Outlook for 2016 (Attachment A)

- Severance tax bond capacity for capital expenditures is \$140.2 million, far less than \$1.8 billion in state and local priority requests.
- General obligation bond capacity is \$186.6 million, far less than \$331.1 million in ALTSD, public education, higher education institutions, special schools, tribal schools and public safety priority requests.
- \$47.4 million is earmarked for water, colonias, and tribal infrastructure. 2015 legislation increased the percentages for TIF and colonias in FY16 from 5 percent to 6.5 percent of senior severance tax bond capacity. In fiscal year 2017 and subsequent years 5.5 percent will be earmarked for both funds.
- \$111.2 million is earmarked from supplemental severance tax bond capacity for public school construction.

Review of Severance Tax Bond and “Other State Funds” Framework (Attachment B)

- State agencies, including senior centers, requested \$647.6 million from GOB, STB and “other state” funds.
- “Framework” developed by LFC staff for consideration by the full Legislature is based on set criteria, site visits, review of infrastructure capital improvement plans, monthly meetings with major departments, and testimony at hearings held in the interim.
- Proposed funding reflects the most critical projects impacting public health and safety, preservation of state facilities, and ongoing projects requiring additional funds to complete.
- LFC staff framework proposes funding from various “other state funds” to capitalize limited resources for the greatest needs. “Other state funds” include but are not limited to: State Land Office Maintenance Fund, Game Protection Fund, Big Game Enhancement, Bond Interest Retirement Fund, Habitat Management Fund, State Road Fund, and the Miner’s Trust Fund.

Review of General Obligation Bond Framework (Attachment C)

- ALTSD, libraries, public education, higher education institutions, tribal schools, special schools and public safety requested \$331.1 million.
- Senior center programs requested \$40.5 million for capital needs. DFA, ALTSD and area agencies on aging recommended more than \$24.6 million for code compliance, meals and other equipment, renovations, vehicles and construction/major additions statewide.
- HED held hearings in Santa Fe, Albuquerque, Socorro, Las Cruces, and Roswell.

- Framework for higher education institutions was developed based on criteria developed by staff of the Higher Education Department, Capital Outlay Bureau of the Department of Finance and Administration, and LFC listed in sidebar within the brief on page 3.
- LFC staff continues to encourage four-year and other institutions to pay for and begin architectural plans and design so major construction is ready to begin when general obligation bond issues are approved by the voters and the bonds are issued in spring 2017.

Local Project Issues

- Local governmental entities submitted more than \$2.3 billion in capital needs; top 5 priorities total \$1.2 billion. (Source: LGD, Local Infrastructure Capital Improvement Plans).
- The highest ranked requests from local entities are for needs impacting water, transportation, quality of life, environment (utilities, landfills, clean energy, solid waste, etc.), and public safety projects.
- Political subdivisions participating in the ICIP include municipalities, counties, acequias, mutual domestics, land grants, and Native American entities.
- The executive encourages legislators to fund projects prioritized in the local ICIP—a voluntary planning process not mandated in statute.
- The next STB sale is scheduled for Dec. 29, 2015. The final authorized/unissued list will be available mid January 2016.