

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

| | | | | | |
|--------------|---------------------------------|-------------|----------|----------|------------------|
| SPONSOR: | Taylor, J.G. | DATE TYPED: | 02/15/00 | HB | 141/aHTRC/aSF1#1 |
| SHORT TITLE: | NMFA Grants for Public Projects | | | SB | |
| | | | | ANALYST: | Kehoe |

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|-------------------------|------------------|
| FY00 | FY01 | FY00 | FY01 | | |
| See Narrative | | | | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB140

SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)

LFC Files

SUMMARY

Synopsis of SFI#1 Amendment

The amendment adopted by the Senate Floor adds the Alcalde Mutual Domestic Water Consumers Association to the list of the projects eligible from the Water and Wastewater Project Grant Fund. This addition increases to (10) the number of projects eligible for a grant from NMFA.

Synopsis of HTRC Amendment

The House Taxation and Revenue amendment makes a technical amendment to correct the misspelling of the word "Cundijo" to "Cundiyo." The amendment further amends the bill to authorize the NMFA to make grants to nine additional eligible entities from the Water and Wastewater Project Grant Fund. The nine additional communities and projects include:

- Berino Mutual Domestic Water Consumers Association for a water project;
- Butterfield Park Mutual Domestic Water Consumers Association for a water project;
- Cebolla Mutual Domestic Water Consumers Association for a water project;
- Dixon Mutual Domestic Water Consumers Association for a water project;
- Desert Sands Mutual Domestic Water Consumers Association for a water project;
- Tajique Mutual domestic water Consumers Association for a water project;
- Taos for a wastewater project;
- Tierra Amarilla Mutual Domestic Water Consumers Association for a water project; and
- Youngsville Mutual Domestic Water Consumers Association for a water project.

Synopsis of Original Bill

House Bill 141 provides legislative authority to the NMFA to make grants for statewide public projects from the Water and Wastewater Project Grant Fund. In addition, the bill authorizes the NMFA to issue revenue bonds payable from the Public Project Revolving Fund (PPRF) in an amount not to exceed \$5,000,000 for the grants.

Significant Issues

The 1999 Legislature created a Water and Wastewater Facility Grant Fund Program within the NMFA for the purpose of awarding grants for water and wastewater projects to qualified entities. The funds for the program are derived from the net proceeds of the sale of bonds authorized by law and payable from governmental gross receipts tax. The grant fund is also authorized to receive money appropriated by the legislature as well as other public or private money dedicated to the fund.

To award the grants, the NMFA is required to request authorization from the Legislature. Section 1, subsections A through AA; lists 27 qualified entities and projects requiring legislative approval. It should be noted that because the total cost of projects to be authorized to receive grants from the Water and Wastewater Project Grant Fund exceeds the amount of funding available, not every project authorized will receive grant funding. The amount awarded for each project grant will depend on local median household income, local water or wastewater rates and a complete funding package.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

House Bill 141 relates to HB 140, which if enacted, would allow NMFA to award grants for emergency projects without prior authorization by the legislature.

OTHER SUBSTANTIVE ISSUES

The program is administered by NMFA and will be used to combine the NMFA's low-cost, low-interest rate loan financing with grants for water and wastewater projects. For example, if a qualifying entity is unable to finance a project with 100% loan funds, the entity could apply to the NMFA to receive a portion grant from the Water and Wastewater Project Grant Fund and a portion loan from the PPRF. A local match could be required for the grant, to be determined by a sliding scale based on the applicant's financial capability to repay a portion of the project from local resources. There will likely be a limit on the maximum amount of grant funding available for any one project.

POSSIBLE QUESTIONS

- What will be the maximum allowable grant award for each project?

LMK/gm

