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FISCAL IMPACT REPORT

SPONSOR:	Watchman	DATE TYPED:	02/04/00	HB	439
SHORT TITLE:	Navajo Nation Capital Grants			SB	
				ANALYST:	Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
\$ 500.0				Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

Office of Indian Affairs (OIA)

LFC Files

SUMMARY

Synopsis of Bill

House Bill 439 appropriates \$500.0 from the general fund to the New Mexico Office of Indian Affairs to develop offices in Shiprock and Crownpoint for the administration and oversight of capital projects funded by the State of New Mexico on the Navajo reservation.

Significant Issues

The New Mexico Legislature has authorized and appropriated capital projects in McKinley and San Juan Counties totaling approximately \$118 million in the last sixteen years. The majority of the funds have been approved for projects on the Navajo Nation reservation. The Department of Finance and Administration "Capital Outlay Monitoring System" indicates that projects totaling nearly \$17 million are unexpended. The reasons for the unexpended funds include: 1) insufficient funds to fulfill the intent of the projects; 2) a lack of scope of work or Joint Powers Agreements between the OIA and the Navajo Nation; 3) projects in violation of the anti-donation clause; 4) lack of an organization or chapter to move a project forward; or 5) a lack of operating funds for the projects.

According to discussions held at a recent meeting of the Intergovernmental Relations Committee meeting of the Navajo Nation Council, other problems have caused delays in commencing and completing projects. Delays are caused due to a lack of planning of projects, coordination of priorities among chapters, Navajo legislators and the Navajo Nation government, a lack of administrative expertise and funds to initiate and process projects, and a lack of operating funds for projects.

House Bill 439 would provide funds to plan, coordinate and prioritize capital outlay projects appropriated for the Navajo Nation.

FISCAL IMPLICATIONS

The appropriation in House Bill 439 is for expenditure in fiscal years 2000 and 2001. Balances remaining at the end of fiscal year 2001 shall revert to the general fund.

Without a budget for the number of FTE, operating costs, and equipment necessary to operate two offices for the provisions established in House Bill 439, it is unknown if \$500.0 will provide the necessary funding levels for the offices.

LK/sb