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## FISCAL IMPACT REPORT

SPONSOR: Stell DATE TYPED: 02/26/01 HB 811  
 SHORT TITLE: Endangered Species Recovery Trust Fund SB \_\_\_\_\_  
 ANALYST: Kehoe

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
\$ 20,000.0		See Fiscal Narrative		Non-Recurring	General Fund
\$ 1,000.0				Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
\$ (20,000.0)			Non-Recurring	General Fund
\$ 20,000.0			Non-Recurring	Endangered Species Recovery Trust Fund
\$ (1,000.0)			Non-Recurring	General Fund
\$ 1,000.0			Recurring	Endangered Species Recovery Program Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to/Companion to HB 534 and HB 811

### SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)  
 Department of Game & Fish

## **SUMMARY**

### Synopsis of Bill

House Bill 811 creates the Endangered Species Recovery Trust Fund within the state treasury with an initial capitalization of \$20 million appropriated from the general fund. The bill creates the Endangered Species Recovery Program Fund with an initial capitalization of \$1 million appropriated from the general fund for the purpose of funding endangered species recovery projects.

### Significant Issues

House Bill 811 provides that the State Investment Officer invest the \$20 million in the same manner as the Land Grant Permanent Funds. Earnings from the investments will be credited to the Endangered Species Recovery Trust Fund. Beginning July 1 of fiscal year 2002 and on July 1 of each fiscal year thereafter, an annual distribution shall be made from the Endangered Species Recovery Trust Fund to the Endangered Species Recovery Program Fund in the amount of \$1 million until that amount is less than an amount equal to four and seven-tenths percent of the average of the year-end market values of the Endangered Species Recovery Trust Fund for the immediately preceding five calendar years. Thereafter, the amount of the annual distribution shall be four and seven-tenths percent of the average of the year-end market values of the Endangered Species Recovery Trust Fund for the immediately preceding five calendar years. An annual distribution from the fund will be made to the Endangered Species Recovery Program Fund.

The Water Trust Board (a proposed board created in House Bill 534) will be responsible for adopting the rules governing the terms and conditions of the grants or loans from the Endangered Species Recovery Program Fund. House Bill 811 authorizes the New Mexico Finance Authority (NMFA) to administer the grants and loans from the Fund, and to issue revenue bonds as necessary to replenish the principal balance of the Fund. The Board will recommend projects that are part of the Endangered Species Act collaborative programs to the Legislature for funding.

## **FISCAL IMPLICATIONS**

The appropriation of \$20 million contained in this bill is a non-recurring expense to the general fund. The appropriation of \$1 million from the general fund for FY01 is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2001 and succeeding fiscal years shall not revert to the general fund.

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

## **ADMINISTRATIVE IMPLICATIONS**

House Bill 811 allows the NMFA to pay for the costs of administration of the newly created program by placing an administrative fee on the loans and grants pursuant to rules adopted by the NMFA's Board of Directors and approved by the NMFA Legislative Oversight Committee. According to the Department of Game & Fish, if enacted, House Bill 811 would create a much needed funding source and a process for funding endangered species protection and/or recovery activities associated with Endangered Species Collaborative Programs which relate to water.

## **COMPANIONSHIP**

## **House Bill 811 -- Page 3**

House Bill 811 and House Bill 534 are companion bills. House Bill 534 creates the Water Project Finance Act and the Water Trust Board. According to provisions of House Bill 811, the Water Trust Board would be responsible for the promulgation of rules governing the terms and conditions of grants or loans appropriated by the legislature from the Endangered Species Recovery Program Fund. Therefore, House Bill 811 is contingent upon the passage of House Bill 534.

### **TECHNICAL ISSUES**

Amending House Bill 534 to allow grants and loans from the Water Trust Fund for funding endangered species recovery projects may accomplish the same purpose intended in House Bill 811.

LMK/ar