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FISCAL IMPACT REPORT

SPONSOR: Hobbs DATE TYPED: 02/05/01 HB HJM 23
 SHORT TITLE: Study Capital Outlay Funding Process SB _____
 ANALYST: Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
NFI		NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Joint Memorial 23 requests that the Legislative Council Service (LCS) appoint a subcommittee to study the process of funding capital projects and recommend improvements to the process prior to the Second Session of the Forty-Fifth Legislature.

Significant Issues

A special issue of *Governing*, the Magazine of States and Localities, recently issued a Government Performance Project 2001 report card for New Mexico. The report card rated New Mexico's capital management with a grade of C-, up from a grade of D in February 1999. The report stated "New Mexico has a process for prioritizing capital projects, but it's pretty much a paper exercise. The governor, the House and the Senate each get a share of the state's capital funds, and each distributes its share according to political considerations. Within the legislature, each member's priority projects are funded; there's no formal comparison of need...." According to the editor of *Governing*, their report card is a result of information gathered from surveys and numerous in-person interviews with legislative aides, auditors, controllers and citizen groups conducted by their staff.

It should be noted that the Department of Finance and Administration (DFA) does require that all state agencies, including the Commission on Higher Education, maintain a four-year plan of capital outlay and maintenance needs. The plan and funding requests for projects are submitted to the Budget Division of DFA for review by a committee named by the Governor. The committee is composed of the deputy secretary's of the DFA and the General Services Department, the state architect, the director of the Property Control Division, and the capital outlay analyst for the Executive. Following the hearings, capital outlay requests are prioritized based on public, health, safety and welfare, and submitted to the Governor for his approval and inclusion in the budget request submitted to the Legislature on the opening day of the session.

The House Capital Outlay Subcommittee of the House Taxation and Revenue Committee holds extensive capital outlay hearings during the session at which officials of governmental entities and the public provide testimony of capital needs in their communities. The Senate Capital Outlay Subcommittee of the Senate Finance Committee holds hearings as requested by the sponsor on local capital outlay needs.

FISCAL IMPLICATIONS

House Joint Memorial 23 does not contain an appropriation. However, there may be an administrative and fiscal impact on the Legislative Council Service in carrying out the intent of the joint memorial.

OTHER SUBSTANTIVE ISSUES

Although not utilized in its entirety for the planning, coordinating and prioritizing local capital outlay projects, a statutory provision contained in the New Mexico Finance Authority Act reads:

“It is the purpose of the New Mexico Finance Authority Act, 6-21-1 to 6-21-29 NMSA 1978, to create a governmental instrumentality to coordinate the planning and financing of state and local public projects, to provide for long-term planning and assessment of state and local capital needs and to improve cooperation among the executive and legislative branches of state government and local governments in financing public projects.”