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FISCAL IMPACT REPORT

SPONSOR: Salazar DATE TYPED: 02/24/03 HB 795

SHORT TITLE: Payment of Ledoux Water Consumers Loan SB _____

ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$110.0			Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

New Mexico Finance Authority
Office of the State Engineer
Department of Environment

SUMMARY

Synopsis of Bill

House Bill 795 appropriates \$110.0 from the general fund to the Department of Environment for the purpose of assisting the Ledoux mutual domestic water consumers association in paying a loan to the U.S. Department of Agriculture.

Significant Issues

According to the NMED, the bill could establish a precedent to provide grant money to a community that has demonstrated ability to afford a loan. Ledoux received a \$330,000 grant and \$110,000 loan (75%/25%) from USDA Rural Utilities Services in 1999 to make improvements in their water system. The project is complete and the first payment of \$6,000 on the loan is due September 2003. The loan has a 40-year term at an annual rate of 4.5 percent.

Ledoux could seek refinancing of the loan at a lower interest rate and shorter term through the New Mexico Finance Authority Drinking Water Revolving Loan fund or the NMED Rural Infrastructure Program loan. A 20 year, 2 percent drinking water loan would save the community over \$100,000 in interest, at approximately the same annual payment.

FISCAL IMPLICATIONS

The appropriation of \$110.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

MFV/njw