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The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR:	Jennings	DATE TYPED:	2/09/03	НВ	
SHORT TITLE: Local Government Permanent Funds			SB	40/aSFC	
		ANALYST:			Gilbert

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected	
FY03	FY04				
	\$0.1 See Narrative		Recurring	County Funds	
	\$0.1 See Narrative		Recurring	Municipal Funds	

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB 93

SOURCES OF INFORMATION

LFC Files

Response Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 40 makes the following changes:

Removed from SB 40, on page 3, line 1 through 3, is language allowing local governments to invest county or municipal permanent funds, equaling \$15 million or more, in the same manner as funds of the state treasurer are invested.

SB 40/aSFC also changes the investment authority for local government permanent funds as follows:

(1) if the fund is less than five ten million dollars (\$5,000,000), (\$10,000,000) it shall be invested as other funds of the local government; and

Senate Bill 40/aSFC -- Page 2

(2) if the fund is five ten million dollars (\$5,000,000) (\$10,000,000) or over to fifteen million dollars (\$15,000,000), it may be invested as funds of class A counties are invested. and

Synopsis of Original Bill

Senate Bill 40 amends NMSA 1978, § 6-6-19, which pertains to creation and investment of local government permanent funds.

Significant Issues

This bill amends investment authority language in NMSA 1978, § 6-6-19 (D) - specifying how local government permanent funds may be invested:

- If the fund is less than \$5 million, it shall be invested as other funds of the local government;
- If the fund is \$5 million to \$15 million, it may be invested as funds of Class A Counties are invested; and
- If the fund is \$15 million or more, it may be invested as funds of the state treasurer are invested.

According to the Department of Finance and Administration (DFA), the intent of this bill is to better safeguard local government permanent funds.

FISCAL IMPLICATIONS

Limitation of investment options may impact overall investment returns for local government permanent funds.

RLG/sb/njw