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## FISCAL IMPACT REPORT

SPONSOR: SJC DATE TYPED: 2/21/03 HB \_\_\_\_\_

SHORT TITLE: NMFA Projects Without Legislative Approval SB 429/SJCS

ANALYST: Kehoe

### APPROPRIATION

| Appropriation Contained |      | Estimated Additional Impact |               | Recurring<br>or Non-Rec | Fund<br>Affected |
|-------------------------|------|-----------------------------|---------------|-------------------------|------------------|
| FY03                    | FY04 | FY03                        | FY04          |                         |                  |
|                         |      |                             | See Narrative |                         |                  |

### SOURCES OF INFORMATION

#### Responses Received From

New Mexico Finance Authority (NMFA)  
Energy Minerals & Natural Resources (EMNRD)

### SUMMARY

#### Synopsis of Bill

Senate Judiciary Committee Substitute for Senate Bill 429 authorizes the NMFA to make loans and grants without specific legislative approval for projects designated as critical economic development projects under certain conditions.

#### Significant Issues

SB 429/SJCS gives the NMFA the ability to aid economic development projects between legislative sessions by providing critical infrastructure financing without legislative authorization. This bill requires certification by the EDD secretary, designation by the NMFA, and review by the Legislative Oversight Committee before a project is approved.

SB 429/SJCS authorizes NMFA to designate an urgent economic development project and provide urgent economic development financing to a qualified entity if the Secretary of the Economic Development Department (EDD) certifies the need for the financing and provides documentation that: 1) the project will have a substantial favorable economic impact and benefit to the entity; 2) financing will prevent a new business from choosing another location outside of the state or that the lack of financing will prevent an existing business from expanding in a timely

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manner; 3) there is evidence from the business detailing the new or expanded business opportunity and a description of the jobs to be provided and the urgency of the public project; and 4) a resolution has been adopted by the governing body of the qualified entity approving the project and the need for financing.

In addition, the NMFA must find that the timing of the financing is so urgent that the project may be lost if the financing is delayed until specific legislative authorization can be obtained. The project, the EDD Secretary's certification and the NMFA proposed designation would be reviewed by the New Mexico Finance Authority Legislative Oversight Committee.

The authority granted in SB 429/SJCS sunsets on June 30, 2006.

### **FISCAL IMPLICATIONS**

SB 429/SJCS places a limit of \$2,000.0 on any economic development project financed under the requirements of this bill and a \$20,000.0 limit on the total amount financed under the provisions of this bill in any one fiscal year.

### **ADMINISTRATIVE IMPLICATIONS**

The NMFA shall adopt rules governing the process for reviewing urgent economic development projects and the submission of certification requests.

### **OTHER SUBSTANTIVE ISSUES**

When economic development projects arise that require water or wastewater infrastructure improvements, there is no pool of money to provide assistance. Water can be a significant issue to companies considering relocation or expansion to the state. The existence of the "critical economic development project" section is a remedy and an incentive for business growth in New Mexico.

**DW/yr**