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FISCAL IMPACT REPORT

SPONSOR: Aragon DATE TYPED: 03/10/03 HB _____

SHORT TITLE: Metro Court Financing SB 584/aSFC

ANALYST: Hayes

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
\$3.9 million				Nonrecurring	BCMC/Other State Funds

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with SB 820

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
\$3.9 million			Nonrecurring	Special Bond Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From
Bernalillo County Metropolitan Court (BCMC)
New Mexico Finance Authority (NMFA)
Administrative Office of the Courts (AOC)

SUMMARY

Synopsis of SFC Amendments

The Senate Finance Committee deletes reference on the title page to ~~authorizing a transfer of funds~~, plus deletes language in Section 2, page 4, which described a transfer from the warrant enforcement fund to the court facilities fund along with an appropriation. Both transactions are now eliminated from the bill.

The other major amendment to SB 584 in subsection A changes the amount of bonds that the New Mexico Finance Authority may sell and issue for the purpose of financing the new court building for the Bernalillo County Metropolitan Court from ~~five million~~ to three million nine hundred thousand dollars (\$3,900,000).

In addition, the SFC amendment strikes the first four lines of subsection A (lines 22-25) discussing court facilities fees imposed.

The remaining amendments are technical changes to the bill.

Synopsis of Original Bill

Section 1 of Senate Bill 584 amends Section 34-9-16 NMSA 1978 to: 1) increase the metropolitan court facilities fee from \$14.00 to \$24.00; and 2) to direct the New Mexico Finance Authority (NMFA) to issue and sell an additional \$5 million in revenue bonds after January 1, 2003 for the purpose of continuing to finance the design and construction of a new court building for the Bernalillo County Metropolitan Court in Albuquerque.

Section 2 of Senate Bill 584 transfers \$300.0 from the metropolitan court warrant enforcement fund to the court facilities fund for expenditure in fiscal year 2003 and subsequent years in accordance with the provisions of Section 34-9-14 NMSA 1978 to pay for the increased debt service.

The bill contains an emergency clause so that this act may take effect immediately.

Significant Issues

Section 1:

- A. Chapter 6, Laws 1998, First Special Session, authorized the New Mexico Finance Authority (NMFA) to issue and sell bonds not to exceed \$46,500.0 for the purpose of land acquisition, planning, designing, constructing, furnishing and equipping a new building for the Bernalillo County Metropolitan Court. During the second special session in 2000, the Legislature authorized an additional \$11,400.0 in bonds to be issued, and then approved an \$8 million general fund appropriation for land and construction of a parking facility adjacent to the new courthouse.

Costs for the new courthouse have escalated and are estimated to be \$10 million over their original projection due to the inflated construction market in Albuquerque. As a result, BCMC was appropriated an additional \$9,766.0 in bench warrant fees and court facilities fees during the 2001 session. Moreover, the court obtained legislative authority to use approximately \$2,500.0 from its warrant enforcement fund balance over a period of three years (FY01-FY03) to pay for the high construction costs and design modifications.

- B. Recently, the general contractor building the new courthouse has requested \$5 million for change orders to the building plans and has informed the court that the additional funding is necessary for completion by November 1, 2003. The issuance of another \$5 million in bonds requested in SB 584 is for this purpose.

- C. Revenue bonds issued for the courthouse will now total \$62.9 million (originally \$46.5 million) if this legislation is enacted.
- D. BCMC is attending mediation sessions together with the contractor and architect to attempt to resolve the changes orders and funding issues.

Section 2:

- A. The intent of Section 2 of SB 584, transferring \$300.0 from the metropolitan court warrant enforcement fund to the court facilities fund for expenditure in fiscal year 2003+, is to provide sufficient funding to pay the increased debt service.
- B. It is questionable whether this transfer is consistent with the statutory use of the metropolitan warrant enforcement fund. See Section 34-8A-12 which states that the primary and secondary purposes of the fund balance is for services rendered to collect fines, fees and costs owed to BCMC from bench warrants.

FISCAL IMPLICATIONS

The appropriation of \$300.0 contained in this bill is a recurring transfer from the metropolitan court warrant enforcement fund to the court facilities fund.

CONFLICT

SB 820 directs the New Mexico Finance Authority to issue and sell revenue bonds in an amount not exceeding \$5 million for a new courthouse for the Dona Ana county magistrate court.

TECHNICAL ISSUES

Note: BCMC is proposing an amendment to this bill which allows the court to use funding from the Magistrate and Metropolitan Court Facilities Fund to pay the increased debt service instead of the \$300.0 from the warrant enforcement fund.

OTHER SUBSTANTIVE ISSUES

Revenue bonds are paid with court facilities fees which are assessed and collected by the courts. Any fluctuation in the assessment and collection of these fees may have an adverse effect on paying the committed debt service payments.

CMH/yr:sb