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FISCAL IMPACT REPORT

SPONSOR Vigil DATE TYPED 02/26/05 HB 942

SHORT TITLE NM Highlands Loan Retirement SB _____

ANALYST Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$2,514.6			Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 737 with the same purpose, but an appropriation of \$2,520,000

SOURCES OF INFORMATION

LFC Files

No Response Received From Commission on Higher Education

SUMMARY

Synopsis of Bill

House Bill 942 appropriates \$2,514,600.0 from the general fund to the board of regents of New Mexico Highlands University to pay the principal balance on outstanding loans.

FISCAL IMPLICATIONS

The appropriation of \$2,514,600.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 would revert to the general fund.

OTHER SUBSTANTIVE ISSUES

The Legislative Finance Committee prepared a *Review of Financial and Administrative Processes, New Mexico Highlands University* in October 2004 at the request of the Board of Regents. The report recommends the institution “pay down the bank loan that may violate the New Mexico Constitution as soon as feasible and refrain from drawing on lines of credit in the future” (pages 2-3). Detail on two notes can be found in the report.

POSSIBLE QUESTIONS

1. What are the details of the loans proposed to be paid off with this appropriation?
2. What controls has the university established to avoid the need to incur future loans?

AW/rs