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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/06  
 SPONSOR Foley LAST UPDATED 1/30/06 HB 554  
 SHORT TITLE Transfer to Land Grant Permanent Funds SB \_\_\_\_\_  
 ANALYST Schardin

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$100,000.0		Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
		\$960.5	Recurring	General Fund
		\$199.5	Recurring	LGPF "Other Beneficiaries"
\$100,000.0			Non-Recurring	Land Grant Permanent Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 41, HB47 and SB66.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

State Investment Council (SIC)

Department of Finance and Administration (DFA)

**SUMMARY**

Synopsis of Bill

House Bill 41 would transfer \$100 million from the general fund to the land grant permanent funds (LGPF) at the end of FY06.

**FISCAL IMPLICATIONS**

Transferring \$100 million from the general fund to the LGPF would increase the LGPF corpus by \$100 million. The average market value of the LGPF at the end of the last five calendar year's is the base for 5.8 percent distributions to the general fund (about 82.8 percent) and the LGPF's other beneficiaries (about 17.2 percent), so it will take five years for general fund distributions from the LGPF to fully reflect the injection to the LGPF corpus. Increasing the market value by \$100 million during CY2006 would increase LGPF distributions by \$1,160 thousand in FY08, \$2,408 thousand in FY09, \$3,738 thousand in FY10, \$5,142 thousand in FY11, and \$6,609 thousand in FY12.

**SIGNIFICANT ISSUES**

Transferring \$100 million from the general fund to the LGPF would reduce the FY07 transfer to general fund reserves by \$100 million. The LFC currently projects general fund reserves to total \$1.044 billion at the end of FY06. This amount includes \$352.5 million in the general fund operating reserve, \$137.1 million in the appropriation contingency fund, \$83.9 million in the tobacco permanent fund, and \$470.3 million in the tax stabilization reserve. Both the LFC and the governor have adopted a target of keeping general reserves at 10 percent of recurring appropriations, which equals \$471 million in FY06. Transferring \$100 million to the LGPF would reduce general fund reserves to a level of \$943.8 million, or 20.0 percent of recurring appropriations.

The LGPF is owned by several entities, which are listed in the table below. Each entity receives a distribution from the LGPF in proportion to their percent ownership.

<b>LGPF Beneficiaries</b>	<b>Percent Ownership</b>
General Fund/Public Schools	82.86%
N.M. Military Institute	3.55%
N.M. School for the Deaf	2.14%
N.M. School for the Visually Hdcp.	2.13%
Penitentiary of N.M.	2.07%
University of N.M.	1.69%
Public Buildings at Capital	1.21%
Miners Hospital of N.M.	1.12%
Water Reservoirs	1.03%
Charitable Penal and Reform	0.81%
N.M. State University	0.45%
Improvement of the Rio Grande	0.33%
N.M. State Hospital	0.24%
N.M. Institute of Mining and Tech.	0.20%
Eastern N.M. University	0.10%
Western N.M. University	0.03%
N.M. Highlands University	0.03%
Northern N.M. State School	0.02%
UNM Saline Lands	0.01%
N.M. Boys School	0.01%
<b>TOTAL</b>	<b>100%</b>

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 554 relates to House Bill 41, House Bill 47, and Senate Bill 66.

SS/yr:mt