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FISCAL IMPACT REPORT

	ORIGINAL DATE 2-3-06		
SPONSOR	Lujan, B	LAST UPDATED	2-4-06
	WASTEWATER FACILITY CONSTRUCTION	HB	844/aHTRC
SHORT TITLE	LOANS	SB	
		ANALYST	Hadwiger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$1,500.0		Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Environment (NMED)

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment allows the appropriation to extend into “subsequent fiscal years” rather than revert at the end of fiscal year 2011.

Synopsis of Original Bill

House Bill 844 appropriates \$1.5 million from the general fund to the Wastewater Facility Construction Loan Fund for expenditure in FY06 through FY11 to carry out the provisions of the Wastewater Facility Construction Loan Act.

FISCAL IMPLICATIONS

The appropriation of \$1.5 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY11 would revert to the general fund. NMED receives four percent of the federal capitalization money to administer the loan program. Matching federal dollars will bring up to \$7 million in additional federal funds.

SIGNIFICANT ISSUES

NMED indicated this appropriation is needed as a state match for up to \$7 million of federal funding to capitalize the state’s revolving loan fund for wastewater projects in New Mexico. The fund provides low interest loans (3% or less) to New Mexico communities for needed wastewater facility improvements.

ADMINISTRATIVE IMPLICATIONS

HB844 would generate additional funding for NMED administration of the program.

OTHER SUBSTANTIVE ISSUES

NMED asked that, in the original bill, the funds be made non-reverting and remain in the fund for construction loans, because the original text of the bill could create audit issues with regard to federal match. The HTRC amendment addresses this request.

DH/mt:nt