

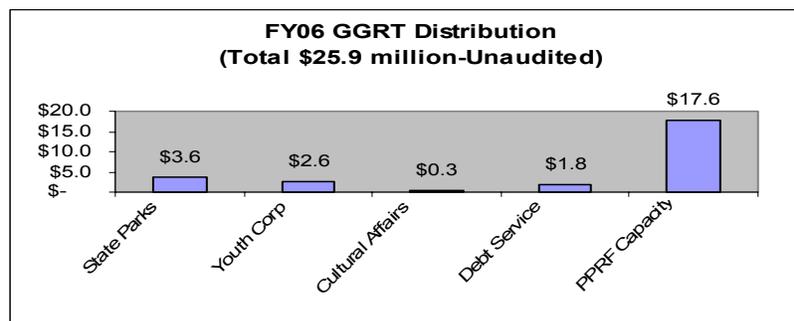
on certain terms and conditions including the desire to continue to pursue a loan by FY09.

SB 80 contains an emergency clause that the Act takes effect immediately.

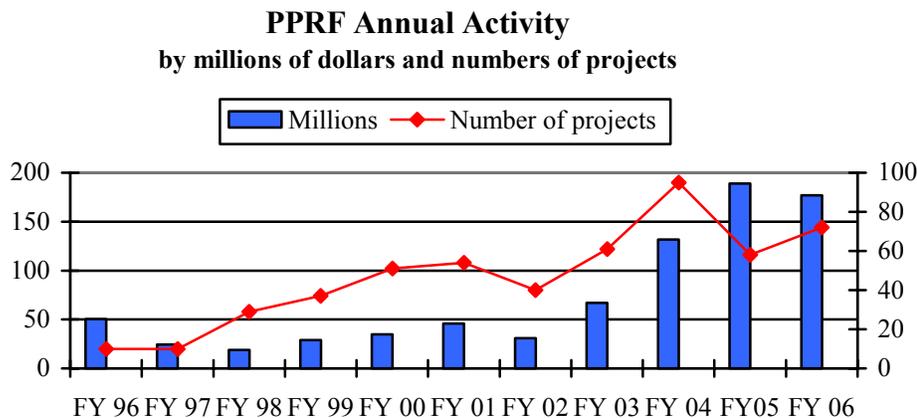
FISCAL IMPLICATIONS

Senate Bill 80 does not appropriate funds; however, loans made in the interim as a result of passage of this bill will result in reducing the current loan capacity of PPRF. The bill will support borrowers in receiving fixed “AAA” insured interests rates with the NMFA. Borrowers may also qualify for disadvantaged funding which provides 0% and 3% interest rates with maximum funding of \$75,000 per equipment loan and \$200 thousand per infrastructure loan. To date, PPRF has financed 451 projects statewide totaling \$628 million.

A significant source of capital for infrastructure projects administered by NMFA, approximately \$18 million per year, is derived from an annual distribution of 75% of the state’s Governmental Gross Receipts Tax (GGRT). In addition to GGRT, NMFA raises capital through the issuance of tax-exempt pooled bonds and direct loan repayments. The following chart demonstrates the annual distribution of GGRT for FY06:



Demand for PPRF funding has increased significantly from fiscal year to fiscal year. The graph below provided by NMFA depicts the growth of senior lien lending activity and shows the demand trend for PPRF funding.



SIGNIFICANT ISSUES

Loans from PPRF allow eligible entities to borrow for infrastructure projects at below market costs, based on terms and conditions established by NMFA. NMFA reports SB 80 is not a guarantee that any project will receive a PPRF loan. Loans will only be made to those borrowers that can identify a sufficient repayment source and meet other financial criteria.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates HB 24

OTHER SUBSTANTIVE ISSUES

Public school districts have a great need to update their facilities and may have access to below market rates. In addition, ED reports that other proposed public projects loan requests involve the reuse of water. Well designed reuse initiatives can provide greater water quality protections of groundwater resources in the state.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Entities requesting PPRF financing from the NMFA will be required to seek alternative financing which could increase borrowing costs.

AHO/nt