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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/10

SPONSOR HTRC LAST UPDATED \_\_\_\_\_ HB 111/HTRCS

SHORT TITLE Create Disadvantaged Community Revolving Fund SB \_\_\_\_\_

ANALYST Kehoe

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
NFI	NFI	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)

### SUMMARY

#### Synopsis of Bill

The House Taxation and Revenue Committee Substitute for House Bill 111 provides for creation of a disadvantaged community sub-account within the public project revolving fund (PPRF) to be administered by the New Mexico Finance Authority. The bill authorizes an allocation of funds from PPRF, and other funds that may be appropriated by the Legislature, to the account for the purpose of supporting eligible disadvantaged community entities.

HTRC substitute for Bill 111 creates a disadvantaged community revolving fund within the New Mexico Finance Authority (NMFA) and appropriates \$15 million from cash balances of the public project revolving fund to the proposed new fund.

### FISCAL IMPLICATIONS

House Taxation and Revenue Committee Substitute for House Bill 111 designates an amount equal to no less than 25 percent of the prior year's governmental gross receipts tax distributed to PPRF, less all debt service charges and administrative costs of the Authority paid in the preceding fiscal year. The funds shall be distributed to the disadvantaged community sub-account for loans to disadvantaged entities. The net proceeds of the sub-account will be used for purposes of the local government planning fund and the water and wastewater project grant fund as specified by the New Mexico Finance Authority Act or for purposes of the Wastewater Facility Construction Loan Act, the Rural Infrastructure Act, the solid Waste Act or the Drinking

Water State Revolving Loan Fund Act. There should be no impact to how the rating agencies view this bill inasmuch as the agencies are already familiar with the feature already offered at NMFA and the funds do not leave the PPRF bond indenture.

**SIGNIFICANT ISSUES**

This bill provides for a more transparent reporting mechanism for loans to disadvantaged entities. This bill sanctions the procedures currently in place within NMFA and provides a statutory base for the disadvantaged funding program that have been in NMFA rules for several years.

The definition of “disadvantaged entities” will be addressed by rule developed by NMFA rather than by statute and shall be approved by the New Mexico Finance Authority Oversight Committee.

**ADMINISTRATIVE IMPLICATIONS**

The bill proposes that the disadvantaged community revolving fund be administered by NMFA.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 38 authorizes NMFA to provide financial assistance from PPRF to 53 separate state and local government entities based on terms and conditions established by NMFA.

HB 98 amends PPRF to allow the Renewable Energy Transmission Authority as a qualified entity and authorizes NMFA to issue bonds and purchase Renewable Energy Transmission Authority bonds through PPRF.

LMK/svb