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FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/11

SPONSOR Miera LAST UPDATED _____ HB 138

SHORT TITLE Raise Sale of Public Property Monetary Limit SB _____

ANALYST Archuleta

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
*See Fiscal Impact	*See Fiscal Impact			

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)

New Mexico Corrections Department (NMCD)

New Mexico Municipal League (NMML)

SUMMARY

Synopsis of Bill

House Bill 138 amends Section 13-6-1 to increase the monetary amount of the resale value of obsolete, worn-out or unusable tangible personal property and real property that state agencies and other public bodies are allowed to sale or dispose of from \$5,000 to \$50,000. The bill also amends the Section 13-6-2 to require state board of finance approval on all sales, trades or leases (for more than five years) of real property owned by a state or local public body if the consideration is more than \$50,000, as opposed to the current law's threshold of only \$25,000.

FISCAL IMPLICATIONS

GSD suggests that increased revenues could be realized by the State Agency for Surplus Property due to the fact that agencies could begin disposing of items sooner than later.

SIGNIFICANT ISSUES

GSD notes that if the resale value of tangible personal property owned by an agency is less than \$5,000.00 the agency can dispose of the property through the mechanisms outlined in Section 13-6-1 NMSA 1978. Implementing the bill would raise that limit to \$50,000 which would enable the user agency to dispose of the majority of their tangible personal property. All state agencies would be required to provide the surplus property bureau of the transportation services division of the general services department first right of refusal on property that they wish to dispose of that would have a resale value of \$50,000 or less before they could dispose of it through any other mechanism.

In addition, the bill raises the amounts from \$5,000 to \$50,000 for the sale and trade of property which requires state budget division approval. This increases the value of the item being disposed of, traded, or sold without having the additional check in place driven by DFA could provide additional scrutiny if items perceived to be of a higher value are traded off without a final approval.

ADMINISTRATIVE IMPLICATIONS

NMCD does not routinely engage in these sorts of transactions. The bill would allow NMCD more administrative and operational flexibility in the future if such transactions are contemplated or effectuated.

OTHER SUBSTANTIVE ISSUES

GSD indicates that implementing the bill and raising the threshold to \$50,000 would allow for public entities to dispose of tangible personal property before it has completely depreciated. If the property is worn-out, unusable or obsolete it should no longer have a resale value of \$50,000.

ALTERNATIVES

GSD suggests raising the threshold from \$5,000 to \$10,000.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The threshold for disposing of tangible personal property would remain at \$5,000.

POSSIBLE QUESTIONS

Would the increase in the threshold lead to more property becoming available for disposal? How will the disposal of items be tracked and would the State Auditor begin to track questionable items.