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FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/11

SPONSOR SPAC LAST UPDATED _____ HB _____

SHORT TITLE Change NMFA Public Project Fund Requirements SB 48/SPACS

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
NFI	NFI	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 53

SOURCES OF INFORMATION

LFC Files
New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

Senate Public Affairs Committee Substitute for Senate Bill 48 proposes to temporarily remove the required legislative authorization needed before qualified entities can be considered for financial assistance from the public project revolving fund (PPRF).

SIGNIFICANT ISSUES

The bill proposes a two-year suspension of legislative authorization, effective July 1, 2011 and ending on July 1, 2013, and proposes to increase reporting requirements to the NMFA Legislative Oversight Committee during the interim. According to NMFA, “the reporting requirements can be tailored to specific characteristics as may be requested by the oversight committee, thus providing for a more in-depth process than the current legislative authorization procedure.”

NMFA further indicates eliminating the need for prior legislative authorization will allow the Authority to more efficiently meet the needs of smaller communities, especially new clients that may not be aware of the need for prior legislative authorization before applying to NMFA for a PPRF loan.

It should be noted this bill does not impact the due diligence required by NMFA prior to

providing financial assistance from PPRF to qualified entities and NMFA still has to comply with NMSA 1978, Section 6-21-3(E) (F) defining a “public project” and “qualified entity.”

In previous years, members of the NMFA Oversight Committee have expressed concerns regarding the authority the Legislature has relinquished to NMFA staff and other entities for approving projects. The following table lists the financial programs and types of financial assistance that currently require legislative authority and those program projects that require certification by other entities:

Program	Type	Legislative Authorization	Comments
Public Project Revolving Fund	Loan	Yes	Projects under \$1 million exempted
Water Project Fund	Loan	Yes	Project authorized, not funding type
Drinking Water Revolving Loan Fund	Loan/Grant	No	Projects must appear on State’s Priority List as determined by NMED
Water and Wastewater Grant Fund	Grant	Yes	Program nearing completion
Local Government Planning Fund	Loan/Grant	No	Loan if project funded from outside sources
Local Transportation Infrastructure Fund	Loan/Grant	No	Projects prioritized by Metropolitan & Regional Planning Orgs & DOT
Smart Money Economic Development Fund	Loan	Yes	Projects Certified by NMEDD
Primary Care Capital Fund	Loan	No	Projects Recommended by DoH
Behavioral Health Capital Fund	Loan	No	Projects Recommended by DoH
Child Care Revolving Loan Fund	Loan	No	Projects Recommended by CYFD
Energy Efficiency & Renewable Bond Act	Bonds	No	Projects Recommended by EMNRD
GRIP	Bonds	Yes	
Stand Alone Bonds	Bonds	Yes	
New Market Tax Credits	Tax Credits	No	
Smart Money Conduit Bonds	Bonds	No	

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 53, endorsed by the New Mexico Finance Authority Oversight Committee, authorizes the NMFA to make loans to qualified state, local, and political subdivision entities for 130 public projects statewide from PPRF.

OTHER SUBSTANTIVE ISSUES

The NMFA was created as a governmental instrumentality in 1992 to coordinate and facilitate the planning and financing of state and local capital projects in New Mexico. As a non-governmental entity, NMFA is able to utilize financing mechanisms to leverage and maximize the state’s capital investments in state and local projects. The Authority partners with local government entities, state agencies, legislators, legislators, repeat borrowers and financial advisors to carry out their mission while at the same time sustaining the capacity of loan programs NMFA administers.

The PPRF is capitalized by an annual distribution of 75 percent of the net revenue of the state’s governmental gross receipts tax (GGRT)—\$22.7 million in FY10, and is the most significant source of funding for infrastructure loans made by NMFA. Current statute requires legislative authorization “prior” to eligible entities pursuing financial assistance for infrastructure projects from PPRF. As of June 30, 2010, the NMFA made 938 loans totaling nearly \$1.8 billion from PPRF.

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