

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01/21/16
SPONSOR Gonzales **LAST UPDATED** _____ **HB** 134

SHORT TITLE Local Government Planning Fund **SB** _____

ANALYST Amacher

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	(\$3,000.00)	Nonrecurring	Public Project Revolving Loan Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$3,000.00	Nonrecurring	Local Government Planning Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

House Bill 134 appropriates \$3 million from the public project revolving loan fund to the local government planning fund (LGPF) administered by the New Mexico Finance Authority (NMFA) for expenditure in fiscal year 2017 and subsequent fiscal years to make grants to local governments and other qualified entities for infrastructure planning documents, water and wastewater public projects, conservation plans, long-term master plans, economic development plans or energy audits. HB134 does allow payment for administrative costs by the NMFA in administering the LGPF. The effective date of HB 134 is July 1, 2016.

FISCAL IMPLICATIONS

HB 134 appropriates \$3 million from the NMFA's public project revolving loan fund to the local government planning fund (LGPF). Funds are to be expended in fiscal year 2017 and subsequent fiscal years supporting the development of local government planning documents. Any unexpended funds do not revert back to the public project revolving loan fund.

The LGPF is a grant program. Eligible entities are capped at \$50,000 per planning document and \$100,000 per entity in a two-year period. Additional consideration is given to applicants facing economic decline and for those seeking planning documents for emergency projects, economic development plans and Metropolitan Redevelopment Plans. Grants are determined by using a sliding scale based on the applicant's median household income and relative rates charged for water and wastewater services.

SIGNIFICANT ISSUES

Planning documents are critical in the implementation of entities' projects. The Water Trust Board and other funding sources across the state have increased the application standards for infrastructure funding by requiring completed planning documents. In 2012, the Legislature broadened the use of the LGPF and eliminated the requirement that the grants be repaid upon the successful funding of the project planned with LGPF. The rules and policies were amended to accommodate the program's expansion resulting in a four-fold increase in volume and loan closings in the LGPF in fiscal year 2015. It was the greatest number of loans closings (43) in the history of the program. To date, the NMFA has closed 168 grants totaling more than \$6.1 million in the LGPF.

ADMINISTRATIVE IMPLICATIONS

Costs of the LGPF administration are reimbursed to the NMFA. The New Mexico Environment Department Construction Programs Bureau, as contracted with the NMFA, provides technical reviews and approval of planning documents related to water and wastewater infrastructure; such costs are associated with this technical support are also reimbursed.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The NMFA reports that funding for planning documents will be limited in FY 2017.

JMA/jle