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FISCAL IMPACT REPORT

SPONSOR Candelaria ORIGINAL DATE 1/19/18
 LAST UPDATED _____ HB _____

SHORT TITLE Local Government Planning Fund SB 23

ANALYST Armstrong

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	(\$1,500.0)	Nonrecurring	Public Project Revolving Loan Fund
	\$1,500.0	Nonrecurring	Local Government Planning Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 New Mexico Finance Authority (NMFA)

Responses Received From

SUMMARY

Synopsis of Bill

Senate Bill 23 appropriates \$1.5 million from the public project revolving loan fund (PPRF) to the local government planning fund (LGPF) administered by the New Mexico Finance Authority (NMFA) for expenditure in fiscal year 2019 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. SB23 does allow payment for administrative costs by NMFA in administering the LGPF. The effective date of SB23 is July 1, 2018.

FISCAL IMPLICATIONS

SB23 appropriates \$1.5 million from the PPRF to the LGPF. Funds are to be expended in fiscal year 2019 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 thousand per planning document and \$100 thousand 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 local projects. 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. Following this expansion, NMFA revised its LGPF rules and policies to accommodate the broadened program.

Since the broadening of the program in 2012, NMFA has experienced significant increased program activity. From 2002 through December 2017, NMFA closed 244 grants totaling more than \$9.1 million; with 173 of those grants totaling \$7 million closing since 2012. NMFA has approved an additional 69 grants totaling more than \$3.3 million that are awaiting completion of the planning document prior to finalizing the grant agreement.

Additionally, in 2014, the Water Trust Board amended its policies to require planning documents from its applicants. Many of the applicants to the Water Trust Board do not have the funds to pay for this planning and must access the LGPF to complete the required planning documents.

ADMINISTRATIVE IMPLICATIONS

Costs of program administration are reimbursed to NMFA. NMFA has contracted with the New Mexico Environment Department's Construction Programs Bureau for technical review and approval of planning documents related to water and wastewater infrastructure; such costs associated with this technical support are also reimbursed.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMFA reports that funding for planning documents will be limited in fiscal year 2019.

JA/sb/jle