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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
54th Legislature, 1st Session, 2019

Bill Number	<u>*HB241/HAFCS</u>	Sponsor	<u>H AFC</u>
Tracking Number	<u>.214292.1</u>	Committee Referrals	<u>H AFC;SFC</u>
Short Title	<u>Public Project Revolving Fund Projects</u>		
Analyst	<u>Rogne</u>	Original Date	<u>2/11/2019</u>
		Last Updated	<u>3/4/2019</u>

BILL SUMMARY

Synopsis of H AFC Committee Substitute

The House Appropriations and Finance Committee Substitute for *HB241 (*HB241/HAFCS) would authorize the New Mexico Finance Authority (NMFA) to provide loans from the public project revolving fund to 222 separate state and local entities – 60 of which are school districts, charter schools, constitutional special schools, or tribal departments of education – based on terms and conditions established by NMFA. *HB241/HAFCS voids legislative authorization if a qualified entity does not notify NMFA by the end of FY22 of its intent to pursue a loan from NMFA. This bill contains an emergency clause.

FISCAL IMPACT

*HB241/HAFCS does not contain an appropriation.

According to NMFA, *HB241/HAFCS may reduce borrowing costs to the state and local entities specified in the bill as they will receive below market interest rates through the public project revolving fund program. Additionally, NMFA notes that interest rates may be subsidized further in instances where borrowers qualify for disadvantaged funding; disadvantaged funding rates are determined based on an entity's median household income in relation to the state's median household income, and provides 0 percent to 2 percent interest rates per entity per fiscal year.

NMFA also notes that NMFA loans are not a factor in state bond ratings, and the separate, stand-alone existence of NMFA increases the overall capacity of the state to support infrastructure financing, especially for economically challenged communities.

SUBSTANTIVE ISSUES

This analysis only considers the impact on public schools. *HB241/HAFCS would authorize NMFA to make loans from the public project revolving fund for “building, equipment, infrastructure, debt refinance, road, land acquisition, water, wastewater, water rights and solid

waste projects” for 60 school districts, charter schools, constitutional special schools, or tribal departments of education.

*HB241/HAFCS does not guarantee that the enumerated projects will receive a loan from the public project revolving fund, as loans will only be made to entities that can identify a sufficient repayment plan and meet other criteria established by NMFA.

According to NMFA, their agency 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 nongovernmental entity, NMFA is able to utilize financing mechanisms to leverage and maximize the state’s capital investments in state and local projects. NMFA partners with local government entities, state agencies, tribes and pueblos, legislators, repeat borrowers and financial advisors to carry out their missions while simultaneously sustaining the capacity of loan programs NMFA administers.

RELATED BILLS

SB245/SECS, Charter Schools, Facilities & Capital Funds, would create a new section of the New Mexico Finance Authority Act to require NMFA to adopt policies for the public project revolving fund to provide facility loans to charter schools.

SOURCES OF INFORMATION

- LESC Files
- New Mexico Finance Authority (NMFA)

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