

LFC Requester:

C. Carswell

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment
Correction Substitute

Date 1/17/2024

Bill No: HB 28

Sponsor: Joy Garratt, Nancy Rodriguez
Short Public Project Revolving
Title: Fund Projects

Agency Name
and Code

Number: NMFA (385)

Person Writing Michael Vonderheide

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
None	None	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
None	None	None	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Relates to: HB 29

SECTION III: NARRATIVE

BILL SUMMARY

HB 28, endorsed by the New Mexico Finance Authority Oversight Committee, authorizes the New Mexico Finance Authority (“NMFA”) to provide loans from the Public Project Revolving Fund (“PPRF”) to the 100 separate state and local government entities included in HB 28 based on terms and conditions established by the NMFA. This bill contains an emergency clause.

The bill also voids legislative authorization if a qualified entity does not certify to the NMFA by the end of fiscal year 2027 its intent to pursue a loan from the NMFA.

FISCAL IMPLICATIONS

HB 28 does not appropriate funds. The passage of HB 28 may reduce borrowing costs to qualified entities as they will receive competitive market driven interest rates through the PPRF program. Additionally, interest rates may be subsidized in instances where borrowers qualify for disadvantaged funding. The disadvantaged rates are determined based on an entity’s Median Household Income (“MHI”) in relation to the State’s MHI and provides up to \$500,000 in loans at either 0% or 2% interest rates per entity per fiscal year.

NMFA Bonds are not obligations of the State and are not a factor in State bond ratings. The separate, stand-alone existence of the NMFA and the PPRF increases the overall capacity of the State to support infrastructure financing, especially for economically challenged communities.

NMFA has made over 2,250 loans from the PPRF totaling more than \$4.75 billion. As of December 31, 2023, there are 1,102 PPRF loans outstanding totaling \$1.86 billion. The attached graph showcases the recent history of loans made from the PPRF.

OTHER SUBSTANTIVE ISSUES

The authorization provided in HB 28 does not guarantee that these projects will receive a PPRF loan, as PPRF loans will only be made to those entities that can identify a sufficient repayment source and meet other financial criteria established by the NMFA.

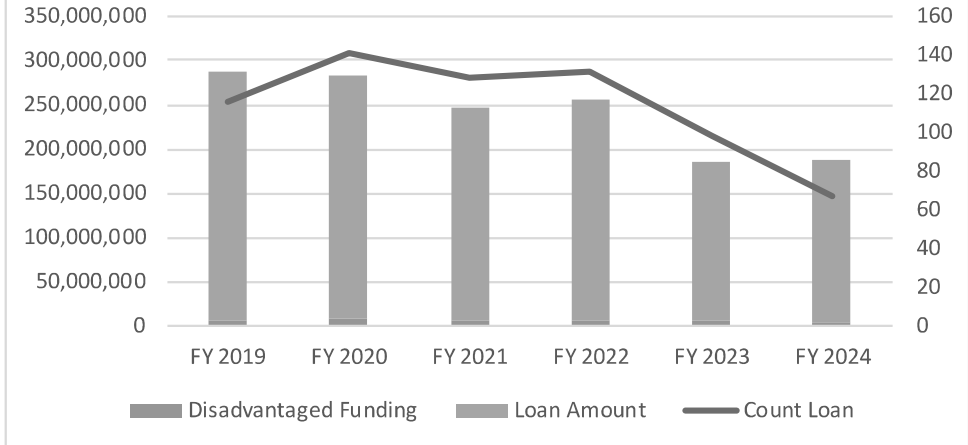
The NMFA was created as a governmental instrumentality in 1992 to coordinate and facilitate the planning and financing of state and local capital projects in New Mexico. As a non-governmental entity, NMFA is able to utilize financing mechanisms to leverage and maximize the state’s capital investments in state and local projects. The NMFA partners with local government entities, state agencies, Tribes and Pueblos, legislators, and other stakeholders and consultants to carry out its mission while simultaneously sustaining the capacity of loan programs the NMFA administers.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The 100 entities included in HB 28 would not be able to apply for a PPRF loan in excess of \$1 million. These entities would be required to seek alternative financing which could increase their borrowing costs and delay critical infrastructure projects.

PPRF Loan Activity

Loan Activity for Loans Outstanding as of December 31, 2023



	Count Loan	Disadvantaged Funding	Loan Amount
FY 2019	116	5,393,075	282,217,417
FY 2020	141	8,788,404	273,085,899
FY 2021	128	7,251,841	240,346,964
FY 2022	131	6,477,969	249,507,192
FY 2023	98	6,114,412	179,961,727
FY 2024	67	3,245,458	184,798,663