

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{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 1/26/2024

Bill No: HB 232

Sponsor: M. Dixon; G. Armstrong; D. Hochman-Vigil
Short Title: INFRASTRUCTURE PLANNING & DEV.

Agency Name and Code Number: DFA: Local Government Division-341
Person Writing: DFA-
Phone: _____ **Email:** _____

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(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	\$0	\$1,557	\$1,388	\$2,945	R	DFA

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 232 (HB 232) presents an unprecedented opportunity for New Mexico to enhance its infrastructure and capital outlay process by creating a centralized Division at the Department of Finance and Administration ("DFA") that will conduct, organize, and improve duties done by multiple divisions under the Local Government Division ("LGD") at DFA. The bill creates the Infrastructure Planning and Development Division ("IPPD"), which will provide local government infrastructure capital improvement planning, administer federal matching funds, assist rural communities through the rural equity ombud program, and perform other duties deemed by DFA. This innovative improvement to New Mexico's infrastructure and capital outlay process will yield substantial results for local communities through increased assistance from DFA. It will also provide a mechanism for a comprehensive revamp of the existing digital system utilized for capital outlay, which will streamline and improve how local entities, state agencies, and the Legislature participate in the infrastructure and capital outlay process.

The Department of Finance and Administration strongly supports HB232.

House Bill 232 also proposes amendments to issuing bonds. The bill removes the Public School Finance Division from the list of Governmental Entities responsible for performing duties related to NMSA (1978) § 6-15-1. Instead, the Public Education Department ("PED") and the Local Government Division ("LGD") of DFA will perform duties under NMSA (1978) § 6-15-1.

FISCAL IMPLICATIONS

This level of enhancement for infrastructure and capital outlay will take an investment in staff and systems considering the positive results the bill will bring for New Mexico.

SIGNIFICANT ISSUES

The new Division can succeed and address long-standing challenges and frustrations with the capital outlay process and infrastructure development. However, without sufficient up-front investments in staff and systems, the hoped for improvements will not materialize as rapidly.

DFA estimates that an appropriation of \$1.5 million will be needed to properly set up the Division.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

The proposed legislation may provide some administrative relief to the Local Government Division at DFA regarding its duties under § 6-15-1; however, the initial administrative burden may increase for DFA due to the need to reorganize and incorporate an entirely new Division. However, this can be efficiently rectified through an appropriation, adequate staffing, and system enhancements.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTED

The capital outlay process in New Mexico is due for a much-needed system overall and reorganization. HB232 will accomplish this and over time will streamline the process, track spending more accurately, ensure projects are funded appropriately and provide public facing dashboards for transparency. Without the passing of HB232, the state will continue to see the same systemic obstacles with the infrastructure and capital outlay process.

AMENDMENTS

Appendix 1. Estimated Costs

Table 1: Upfront Costs

Description	Amount	Cost Assumptions
IT onboarding	\$ 19,500.00	5 FTE Includes smartphone, laptop, docking station, dual monitors, HCM, various licenses, docuSign, etc.
Outreach	\$ 80,000.00	initial information campaign plus outreach to all areas of the state
Travel/meals/hotels	\$ 21,600.00	estimate of \$1,200 per round trip per employee at 3 staff with 12 round trips
Office space	\$ 4,500.00	\$20 avg. ABQ sq ft office, 900 sq ft
Consulting	\$ 42,500.00	professional fees for legal and engineering services
Total	\$ 168,100.00	

Table 2: Recurring Costs

Annual Costs	Amount	Cost Assumptions
Travel/meals/hotels	\$ 21,600.00	estimate of \$1,200 per round trip per employee at 3 staff with 6 round trips
licenses/dues/fees	\$ 12,000.00	professional licenses, memberships, annual conferences
publications	\$ 5,000.00	
1 Director Payroll/Benefits	\$ 274,087.88	\$201K annual plus
2 Program Manager Payroll/Benefits	\$ 384,162.80	\$138K annual plus
4 Proj Coord Payroll/Benefits (2 new & 2 existing)	\$ 597,860.80	\$105K annual plus
Office space	\$ 18,000.00	\$20 avg. ABQ sq ft office, 900 sq ft
DoIT support services	\$ 28,371.45	\$45700 DoIT rates
Equipment	\$ 2,640.00	copy machine rental
Consulting	\$ 45,000.00	Continuing support
Total Recurring Costs	\$ 1,388,722.93	
Grand Total (Upfront Costs with Annual Costs)	1,556,822.93	

***3-year recurring costs include the grand total costs plus the total recurring costs.**