

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.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 January 31, 2024

Bill No: HB 271

Sponsor: Linda Serrato
Short Public Finance Accountability
Title: Act

Agency Name
and Code NMDA-199

Number: _____

Person Writing Jeff Witte

Phone: 575-646-5063 Email Hrickner@nmda.nmsu.edu

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	1,000.0	Nonrecurring	General

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
\$0.0	\$0.0	\$0.0	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	N/A	\$15.750	\$15.750	\$47.250	Recurring	General

(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

Synopsis:

House bill (271) HB 271 creates the Public Finance Accountability Act; creates a public finance accountability fund; relates to capital expenditures; creates funding criteria, oversight and grant management criteria for the expenditure of capital outlay grants. HB 271 makes a \$1,000.0 (one-million-dollar appropriation) from the general fund for expenditure in fiscal year 2025 (FY 25) by the state auditor’s office to assist grantees in complying with the Audit Act. Any unexpended or unencumbered balance will revert to the general fund at the end of FY 25. In addition, all state agencies will be required to determine whether the grantee receiving capital outlay funding has accounting methods and procedures to expend the funds in accordance with applicable laws and safeguard both grant funds and associated assets purchased, leased, or licensed. The department of finance and administration (DFA) is tasked with establishing the oversight requirements (templates to be used; field audits of capital outlay projects, etc.) required by agencies to conduct prior to and during the capital outlay grant period.

FISCAL IMPLICATIONS

New Mexico state university (NMSU) through New Mexico department of agriculture (NMDA) is a pass-through entity for soil and water conservation district (SWCD) capital outlay projects.

The Public Finance Accountability Act would require NMDA to conduct field audits for SWCD capital outlay projects. Currently, NMDA complies with existing DFA requirements related to capital outlay funding received by SWCDs, which includes reporting expenditure progress for projects. The required field visits would add additional work to NMDA staff to conduct field visits on a statistical or stratified basis. NMDA may not have adequate staff to do so. This would require travel to each SWCD grantee as well as record keeping time in accordance with any additional oversight requirements developed by DFA to meet the Act’s intent. NMDA estimates it would need a .25 FTE at \$15.750 to implement the Act’s and future DFA requirements.

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

The Public Finance Accountability Act would require NMDA to conduct field audits for SWCD capital outlay projects. Currently, NMDA complies with existing DFA requirements related to capital outlay funding received by SWCDs, which includes reporting expenditure progress for projects. The required field visits would add additional work to NMDA staff to conduct field visits on a statistical or stratified basis. NMDA may not have adequate staff to do so.

In addition to the concerns noted above, DFA would be required to monitor and enforce agencies' compliance with the funding criteria, grant management, and oversight requirements for the deployment of capital outlay grant funds through a given agency.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 271 is not enacted, existing requirements and procedures related to capital outlay expenditures would be used to verify and track expenditures.

AMENDMENTS

N/A