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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/13
 LAST UPDATED 02/13/13

SPONSOR SEC _____ HB _____

SHORT TITLE Authority for Public Securities Terms SB 217/SECS

ANALYST Roberts _____

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY13 | FY14 | FY15 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| Total | NFI | NFI | NFI | NFI | N/A | N/A |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Bill 217 gives authority to a local school board to authorize the local superintendent to act on the school board's behalf in issuing a notice of sale of general obligation bonds pursuant to the Public Securities Short-Term Interest Act (Sections 6-15-3 through 6-15-8 NMSA 1978). A local school board will also establish parameters for the superintendent when issuing the notice of sale of general obligation bonds. The provisions of this act would take effect on July 1, 2013.

FISCAL IMPLICATIONS

No fiscal impact.

SIGNIFICANT ISSUES

The Public Education Department (PED) notes that if public securities are being used to refund other obligations, the specific obligations that would be refunded must be specified in the authorizing instrument. Other than that requirement, the bill does not expressly state that a board must set an upper limit on the dollar amount of the public securities that could be issued under the authorization. The superintendent would have the authority under the delegating instrument to make a finding or determination to issue the securities.

Further, the PED adds, the bill does not limit the parameters for the public securities to be sold; a board or governing body could set broad parameters, allowing the superintendent or other authorized employees latitude in establishing price, interest rates, payment terms, etc. Except in the case of securities issued to refund other obligations, the same appears to be true regarding the dollar amount of securities to be issued. It is unclear what other limits there might be on the amount of debt, whether in terms of dollar or percentage of capital assets, cash flow, etc., that a public or charter school might be able to issue.

MIR/svb