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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 1st Session, 2017

Bill Number	<u>*SB101</u>	Sponsor	<u>Cisneros & Trujillo, J.</u>
Tracking Number	<u>.205614.1</u>	Committee Referrals	<u>SFC</u>
Short Title	<u>Severance Tax Bond Projects</u>		
Analyst	<u>Rogne</u>	Original Date	<u>2/17/17</u>
		Last Updated	<u></u>

BILL SUMMARY

Synopsis of Bill

Senate Bill 101 (*SB101) makes appropriations for the purpose of funding 54 capital outlay projects statewide for state-owned and -operated facilities. *SB101 authorizes \$4 million from the public school capital outlay fund for Zuni, Gallup-McKinley County, and Grants-Cibola County public schools, contingent upon approval by the Public School Capital Outlay Council (PSCOC).

*SB101 contains an emergency clause.

FISCAL IMPACT

This analysis only considers the impact of *SB101 on public schools.

This bill appropriates \$4 million from the public school capital outlay fund to the Public Education Department (PED) (see Technical Issues) for expenditure in FY17 through FY21. Any unexpended or unencumbered balance remaining at the end of FY21 shall not revert to the public school capital outlay fund. The public school capital outlay fund is a non-reverting fund.

SUBSTANTIVE ISSUES

*SB101 authorizes \$89.4 million, \$64.1 million from severance tax bond capacity and \$25.3 million from other state funds, for the purpose of funding 54 capital outlay projects for state-owned and -operated facilities.

This analysis only considers the impact of *SB101 on public schools; therefore, sections outlining appropriations for other purposes will not be included in this analysis. Additional information can be gained from the Legislative Finance Committee Fiscal Impact Report (FIR).

*SB101 authorizes the issuance of severance tax bonds and appropriates dollars from the general fund; authorizes expenditures from certain funds and balances; clarifies conditions for the

issuance of bonds, establishes conditions for expenditure of severance tax bond proceeds; and establishes conditions for the reversion of the unexpended balances. The State Board of Finance (BOF) is authorized to sell severance tax bonds in accordance with the Severance Tax Bonding Act. Agencies named in this act must certify to the BOF that money is needed for a particular project by the end of FY19, or otherwise the authorization for that project is void. The unexpended project balances revert either no longer than six months after project completion or by the end of FY19. If passed, the bill would take effective immediately.

Section 25 appropriates \$4 million to PED from the public school capital outlay fund for expenditure in FY17 through FY21 for capital asset deficiencies and infrastructure improvements for the Zuni, Gallup-McKinley, and Grants-Cibola school districts upon approval of the PSCOC.

ADMINISTRATIVE IMPLICATIONS

This analysis only considers impacts related to public schools. To see a complete list of agencies that submitted agency impacts, please see Sources of Information.

TECHNICAL ISSUES

Section 25 should be amended to appropriate funding to the PSCOC instead of PED, and to ensure funds do not offset a council award (so that the \$4 million does not actually reduce future awards). Language should be amended as follows; new material has been underlined and material to be removed has been crossed out:

SECTION 25. PUBLIC EDUCATION DEPARTMENT PROJECT-- APPROPRIATION FROM THE PUBLIC SCHOOL CAPITAL OUTLAY FUND. — Contingent upon approval of the public school capital outlay council, ~~Four~~ four million dollars (\$4,000,000) is appropriated from the public school capital outlay fund to the public school capital outlay council~~public education department~~ for expenditure in fiscal years 2017 through 2021, unless otherwise provided in Section 2 of this act, for capital asset deficiencies and infrastructure improvements for the Zuni public school district in McKinley county,~~and~~ the Gallup-McKinley county school district in McKinley county and the Grants-Cibola county school district in Cibola county; provided that any funds allocated to the Zuni public school district, the Gallup-McKinley county school district or the Grants-Cibola pursuant to this Section shall not reduce the state share of an award made by the public school capital outlay council pursuant to Section 22-24-5 NMSA 1978.~~contingent upon approval of the public school capital outlay council.~~

RELATED BILLS

Relates to HB5/aSEC, Capital Outlay Project Changes, a bill which suspends for one year the severance tax bond capacity earmarked for water, tribal, and colonias infrastructure funds, and provides for nonrecurring use of severance tax bonding capacity to assist in addressing solvency issues.

Relates to *SB112, Capital Outlay Project Changes, a duplicate of HB5.

SOURCES OF INFORMATION

- LESC Files
- State Engineer
- Corrections Department
- General Services Department
- Department of Health
- Office of the Attorney General
- Taxation and Revenue Department
- Cultural Affairs Department
- Energy, Minerals and Natural Resources Department
- Human Services Department
- Children, Youth and Families Department

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