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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/22

SPONSOR Rodriguez LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Public Project Revolving Fund Appropriations SB 37

ANALYST Taylor

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
--	\$6720.0	Nonrecurring	Drinking Water State Revolving Loan Fund
--	\$2,500.0	Nonrecurring	Wastewater Facility Construction Loan Fund
--	\$5,000.0	Nonrecurring	Cultural Affairs Facilities Infrastructure Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY22	FY23	FY24	FY25	FY26		
	(\$14,220.0)				Recurring	Public Project Revolving Loan Fund

Parenthesis ( ) indicate revenue decreases

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Finance Authority (NMFA)  
 New Mexico Environment Department (NMED)  
 Department of Cultural Affairs (DCA)

## SUMMARY

### Synopsis of Bill

Senate Bill 37, Public Project Revolving Fund Appropriations, appropriates a total of \$14.22 million from the public project revolving loan fund for expenditure in FY23 and subsequent fiscal years. Appropriations are made to the following funds:

1. \$6.72 million to the drinking water state revolving loan fund to provide state matching funds for the federal Safe Drinking Water Act;
2. \$2.5 million to the wastewater facility construction loan fund to provide matching funds for the federal Clean Water Act projects;
3. \$5 million to the cultural affairs facilities infrastructure fund.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

## FISCAL IMPLICATIONS

The appropriations contained in this bill are a nonrecurring expense to the public project revolving fund. Unexpended or unencumbered balances in these funds remaining at the end of the fiscal year do not revert to the public project revolving fund.

## SIGNIFICANT ISSUES

The NMFA reports that the \$6.72 million appropriated to the drinking water state loan fund public project revolving fund will provide the required twenty percent match for the federal fiscal year 2022 Environmental Protection Agency capitalization grant and the 10 percent required match for a supplemental drinking water grant authorized by the federal Bipartisan Infrastructure Law. The NMED indicates that this funding will leverage approximately \$29 million in federal funds. The drinking water state loan fund public project revolving fund uses the federal funds and state match to make low cost loans for critical drinking water projects.

The NMED administers the wastewater facility construction loan fund. The agency reports that the \$2.5 million appropriation to that fund will provide the required 20 percent match and will leverage \$16.64 million in federal funds. They note that they will be able to use \$7.45 of this for subsidies for a combination of grant and loan funding packages for eligible wastewater facility projects, nonpoint sources water pollution control projects and watershed projects that meet the Clean Water Acts criteria.

The DCA reports that the \$5 million provided to the cultural affairs facilities infrastructure fund (CAIF) will be used for capital improvement projects that they are responsible for. The agency notes that “in FY23 alone, there are \$17.6 million in needs. They say that the \$5 million appropriation will allow the department to complete vital infrastructure repairs and protect exhibits, collections and historic sites in accordance statutory mandates.

**ADMINISTRATIVE IMPLICATIONS**

The NMFA notes that federal guidelines to use up to 4 percent of the annual EPA capitalization grant to cover administrative costs of the program. They use this money to pay contractors that assist the NMFA in evaluating proposed projects, reviewing engineering documents and monitoring construction activity.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The NMED reports that if SB37 is not enacted, New Mexico will lose \$16.64 million from federal funds to support wastewater infrastructure projects and \$21.1 million to support drinking water infrastructure projects. Without these improvements, New Mexicans are at risk of drinking unhealthy water.

BT/al