

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

SPONSOR Lopez ORIGINAL DATE 2/8/22
LAST UPDATED _____ HB _____

SHORT TITLE Evaluate Santolina Development SJM 3

ANALYST J. Torres

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

University of New Mexico (UNM)

Office of the State Engineer (OSE)

SUMMARY

Synopsis of Joint Memorial

Senate Joint Memorial 3 (SJM3) asks that the Legislature direct the University of New Mexico Bureau of Business and Economic Research (UNM BBER) to conduct a study to assess the fiscal impact of the proposed Santolina development in Bernalillo County on

- New Mexico and the New Mexico state government;
- Albuquerque and the Albuquerque city government;
- the Albuquerque metropolitan arroyo flood control authority;
- the Albuquerque public school district;
- the Albuquerque-Bernalillo county water utility authority; and
- Bernalillo County government.

UNM BBER is to report the results of said study to the Legislature as of December 1, 2022.

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

As documented in the table below, UNM BBER estimates a total cost of \$100,000 to cover: “staff salaries, student hourly compensation, fringe benefits for staff and students, and other direct costs including printing, materials, and travel costs associated with completing and presenting the research.”

Position	Salary	Estimated Time Required (months)	Compensation	Fringe Benefits*	Comp + Fringe
Acting Director	85,983	1.8	12,897	4,514	17,412
Research Scientist 3	63,000	8.5	44,625	15,619	60,244
Senior Program Manager	68,475	1	5,706	1,997	7,703
Unit Administrator	48,720	1	4,060	1,421	5,481
Student Researcher	11.50/hour	8	7,360	74	7,434
Other Direct Costs			1,726.66		1,727
Total Project Costs			74,649		100,000

*35% for full-time staff; 1% for student employees.

SIGNIFICANT ISSUES

OSE states: “[t]he December 1, 2022, deadline for UNM to evaluate and report their findings of the economic and fiscal impacts of the proposed Santolina Development to the interim legislative committee may not be realistic. SJM 3 does not provide funding to UNM for the requested study.”

UNM states: “[t]he full picture of all costs of the Santolina development are unknowable without completing an in-depth, objective, and independent study. BBER will work with Bernalillo County, the City of Albuquerque, the New Mexico Tax & Revenue Department (TRD), and any other relevant entities to identify, collect, compile, and analyze the possible fiscal impacts associated with the current proposals of the Santolina project. This includes calculation of potential revenues, which requires the correct application of administrative methodologies subject to state statutes and administrative codes. The results of these calculations will consider the different tax types and amounts by taxing entity. BBER has extensive experience completing tax analysis and estimates through previous engagements and projects with state and local entities.”

UNM cites additional potential impacts to: “[s]chools and public safety;” “utilities, infrastructure;” and “environmental and water usage costs of moving forward with the development.”

UNM states: “Developers have brought various proposals to construct commercial, residential, and industrial development on the far west side of Bernalillo County, which extends far beyond the City of Albuquerque boundary. Developers have argued that the proposed projects would create jobs, provide needed housing, and generate additional tax revenues for state and local entities. What isn’t clear are the potential costs and expenditures the proposed development would require through public investment in system and project infrastructure (parks, recreational facilities, roads, sidewalks and streets), utilities (electricity, gas, sewage, and water), schools and other public facilities in the form of roads, flood control and diversion. The proposed memorial

also asks that the study consider economic development, rural development, and water implications if the Santolina development was completed.”

PERFORMANCE IMPLICATIONS

UNM states: “BBER will collaborate with the New Mexico Legislative Finance Committee (LFC) and other relevant entities, including TRD, Bernalillo County, and the City of Albuquerque to ensure the correct interpretation of statutes, administrative codes, and tax calculation methodologies. Accountability and oversight will occur through the ongoing collaboration with the LFC and the delivery of the final report and presentations to the interim legislative committees tasked with studying economic development, rural development and water issues.”

OTHER SUBSTANTIVE ISSUES

UNM states: “[r]ecent estimates of water usage based on current population growth suggest that the water sources that supply Bernalillo County may already be taxed. By moving forward with the proposed development, there will be even greater demands for water, thus measuring and understanding water sustainability is a critical element to assessing the impacts of the development. Even, so-called “green” forms of development require new or additional water use, thus the interpretation of the various nuances of the different iterations of the proposals is important for providing a complete picture of the proposed development.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Santolina development may move forward without an evaluation of its fiscal, social and environmental impacts.

JT/rl/acv