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FISCAL IMPACT REPORT

SPONSOR:	Coll	DATE TYPED:	02/17/00	HB	13/aHTC/aHTRC
SHORT TITLE:	Limit Use of Highway Bond Revenues			SB	
				ANALYST:	Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
		See Narrative			

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

State Highway and Transportation Department (SHTD)

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of HTRC Amendment

The amendment strikes the HTC amendments. The amendment includes a new section restricting the use of bond proceeds sold for state highway projects under this legislation to planning, engineering, right-of-way acquisition and construction costs. The amendment also states that proceeds may not be used for a warranty covering the total scope of the work required to complete a project for more than one year after its completion and acceptance. The warranty purchase exclusion would not apply to equipment, supplies, materials and structural components.

Synopsis of HTC Amendment

The amendment includes a new section restricting the use of bond proceeds sold for state highway projects under this legislation to planning, engineering, right-of-way acquisition and construction costs. The amendment also states that proceeds may not be used for warranties extending beyond one-year post construction.

Synopsis of Original Bill

The bill would amend statute to prevent the SHTD from procuring warranties on highway construction, reconstruction and improvement for longer than 1 year.

SUBSTANTIVE ISSUES

HTC Amendment

SHTD reports warranties are on something tangible. This current language would cause SHTD to waive normal warranties on equipment and products provided by manufacturers.

Original Bill

SHTD reports total cost of maintaining reconstructed New Mexico 44 for 20 years is estimated at \$151.0 million compared to warranty cost of \$62.0 million.

SHTD believes this language would apply to future projects only, not existing projects. Also, New Mexico 44 was not financed using this mechanism. SHTD indicates retroactive impact would be in violation of contract rights.

AW/gm