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FISCAL IMPACT REPORT

SPONSOR:	Mallory	DATE TYPED:	02/16/00	HB	39/aHTRC
SHORT TITLE:	Extend Time Limit For Issuance GO Bonds			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

LFC Files

New Mexico Finance Authority (NMFA)

State Department of Education (SDE)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of HTRC Amendment

The amendment removes references to issuance of bonds at regular election for officers of school districts, counties or municipalities or at a special election.

Synopsis of Original Bill

Endorsed by the New Mexico Finance Authority Oversight Committee. This bill would authorize certain school districts, counties and municipalities to issue general obligation bonds within four years from the date of an election authorizing the issuance of those bonds. Currently, entities have only three years to issue bonds.

A Class A county with a population of more than 450,000 and municipality with population over 300,000 and school districts located in those Class A counties would be excluded from the extension. These restrictions would currently apply to Bernalillo County, the City of Albuquerque and the Albuquerque Public Schools.

Significant Issues

The New Mexico Constitution outlines general obligation debt limits as a % of total assessed valuation under consideration for this bill:

- Article 9, Section 11: 6% limit on general obligation debt for school districts
- Article 9, Section 13: 4% limit on county and municipality general obligation debt, but does not apply if constructing a water or wastewater system

NMFA notes for entities at or near the debt limit, this bill allows them one additional year to pay off outstanding debt so that newly authorized debt may be issued.

SDE notes some school districts currently have difficulty phasing large projects due to the in debt limit. The school district could have elections for larger amounts because there would be additional time for the bond debt to be paid down, and more time for the assessed valuation of the taxable property within the district to increase. Further, SDE indicates school districts would be able to better coordinate bond and school board elections reducing costs.

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