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FISCAL IMPACT REPORT

SPONSOR:	Taylor, J. G.	DATE TYPED:	02/09/00	HB	65/aHTRC
SHORT TITLE:	Loans for Public Projects			SB	
				ANALYST:	Kehoe

APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB66

SOURCES OF INFORMATION

New Mexico Finance Authority

LFC Files

SUMMARY

Synopsis of House Taxation and Revenue Committee Amendment

House Taxation and Revenue Committee amendments to House Bill 65 include the following:

- Item 1 authorizes the NMFA to make a loan to either the Ramah Chapter or to the Navajo Nation for a water project;
- Item 2 authorizes the NMFA to make a loan for both a water project and a building project in Ruidoso;
- Item 3 authorizes the NMFA to make a loan to Tucumcari for a water and wastewater project and a street project;
- Item 4 is a non-substantive technical amendment; and
- Item 5 gives the NMFA authority to make loans to the following eligible entities for their projects:
 - Angel Fire, Eagle Nest, Red River, Taos, Taos county intergovernmental council or all or any of these entities for regional solid waste projects;
 - Desert Sand mutual domestic water consumers association for a water project;
 - Guadalupe soil and water conservation district for an infrastructure project;
 - Mountainair for a wastewater project;
 - Rio Rancho for a water project; and
 - Tierra Amarilla mutual domestic water consumers association for a water project.

Synopsis of Bill

House Bill 65 authorizes the NMFA to make loans for statewide infrastructure projects from the Public Project Revolving Fund (PPRF); requires entities to certify to the Authority by 2003 if they are going to pursue a loan from the Public Project Revolving Fund; and contains a provision that allows funds on deposit in the PPRF to be used to purchase loans previously financed from the Certificate of Participation (COP).

Significant Issues

House Bill 65, Section 1, Subsections A. through XXXXX., lists the projects and entities requiring legislative authority to make loans from the PPRF. Loans from the PPRF benefit eligible entities by allowing them to borrow for infrastructure projects at below market costs, based on terms and conditions established by the NMFA. The authorization provided in House Bill 65 does not guarantee that those projects will receive an NMFA loan. Loans will be made to entities that can identify a sufficient revenue source for repayment of a loan, and are able to meet other financial criteria established by the Authority.

Section 2 voids legislative authorization if a qualified entity does not notify the Authority by the end of fiscal year 2003 of its desire to continue to pursue a loan from NMFA.

Section 3 contains a provision that allows funds on deposit in the PPRF to be used to purchase loans financed previously from the Certificate of Participation (Series 1994A, 1995A, 1996A, and 1996B) According to NMFA, this provision will enable NMFA to save on the cost of servicing the COPs and will also reduce NMFA's and the borrower's workload and cost associated to annual disclosure on the loans for the projects listed in Section 3.

Section 4 contains an emergency clause.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

No duplication at this time; however, it should be noted that governmental entities sometimes approach legislators to seek capital outlay funding for the same projects. This bill relates to HB66.

LMK/njw:gm