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FISCAL IMPACT REPORT

SPONSOR:	Taylor, J. G.	DATE TYPED:	01/29/00	HB	67
SHORT TITLE:	Public Project Revolving Fund Costs			SB	
				ANALYST:	Kehoe

APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
See Narrative			Recurring	Public Project Revolving Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

House Bill 67 amends Section 6-21-6 of the New Mexico Finance Authority Act to clarify language governing the Authority's interim equipment program; allows the Authority to pay the costs of originating and servicing loans and grants from the Public Project Revolving Fund (PPRF); and allows the Authority to either issue bonds to reimburse the PPRF within one year of making an interim loan or to obtain legislative authorization for the projects during the legislative session succeeding the making of the interim loan. This bill contains an emergency clause.

Significant Issues

House Bill 67 would allow NMFA to recover the costs of originating and servicing fees for loans, grants or

securities funded from the Public Project Revolving Loan Fund (PPRF). Currently, all loans made from the PPRF are serviced by a trustee for the NMFA. The volume of loans NMFA makes has increased, and the NMFA's trustee recently doubled their loan servicing fee. According to NMFA, it would be more cost-effective to handle the loan servicing function in-house, and at the same time, ensure that the funds for these services remain in New Mexico.

The second amendment clarifies language governing NMFA's interim equipment loan program. Currently, NMFA is allowed to make interim loans for the equipment program for \$500.0 or less without legislative authority. The current language also requires NMFA to find a permanent source of financing for these loans within one year of making the interim loan. Because of this requirement, NMFA has to include the interim project loans in its PPRF legislative authorization bill. According to NMFA, if they are not able to secure legislative approval, the NMFA would have to place these interim loans in the private market at increased interest rates. The proposed amendment allows NMFA a period of up to two years rather than one year in which to receive legislative authorization for interim loans from the PPRF.

The bill contains an emergency clause.

FISCAL IMPLICATIONS

There is no impact to the General Fund. The bill appropriates funds from the Public Project Revolving Fund to the NMFA to cover the costs of origination and servicing fees. This will also result in a reduction to the fund balances. However, the amount of the impact is indeterminate. According to the NMFA, it would be more cost-effective to handle the loan servicing function in-house and ensure the funds remain in New Mexico (see Significant Issues).

ADMINISTRATIVE IMPLICATIONS

According to NMFA, an additional FTE will be need by NMFA, a non-governmental entity, to provide in-house loan servicing.

LMK/gm