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FISCAL IMPACT REPORT

SPONSOR: Taylor, J. G. DATE TYPED: 03/15/01 HB 160/aHAFC
 SHORT TITLE: NMFA Water & Wastewater Project Grants SB _____
 _____ ANALYST: L. Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		See Narrative			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 New Mexico Finance Authority

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment strikes the \$25 million general fund appropriations and adds 41 additional qualified entities to the list of authorized public projects for grants under the Water and Wastewater Project Grant Fund.

Synopsis of Original Bill

House Bill 160 appropriates \$25 million from the General Fund to the Water and Wastewater Project Grant Fund, and provides legislative authority to the New Mexico Finance Authority (NMFA) to make grants for public projects previously approved by the 2000 Legislature from the fund.

Significant Issues

House Bill 160 authorizes the NMFA to make grants from the Water and Wastewater Project Grant fund for 21 projects totaling approximately \$8 million, and appropriates \$15.9 million in funding for projects approved during the 2000 Legislature. The NMFA is required to obtain legislative authorization for each project. However, the NMFA has made provisions for grants during the interim for emergency situations by utilizing the definition of “emergency public project” similar to the State Board of Finance. The definition includes projects necessitated by an unforeseen occurrence or circumstance threatening public health, safety or welfare; requires the immediate expenditure of money; and the project is not within the available financial resources of the applicant.

The 1999 Legislature created a Water and Wastewater Facility Grant Fund Program within the NMFA for the purpose of awarding grants for water and wastewater projects to qualified entities. Funds for the program have been derived from the net proceeds of the sale of bonds authorized by law and payable from governmental gross receipts tax. The grant fund is also authorized to receive money appropriated by the legislature as well as other public or private money dedicated to the fund. The grant fund is administered by NMFA and will be used to combine the NMFA's low-cost, low-interest rate loan financing with grants for water and wastewater projects. For example, if a qualifying entity is unable to finance a project with 100% loan funds, the entity could apply to the NMFA to receive a portion grant from the Water and Wastewater Project Grant Fund and a portion loan from the Public Project Revolving Fund (PPRF). A local match could be required for the grant; to be determined by a sliding scale based on the applicant's financial capability to repay a portion of the project from local resources.

House Bill 160 includes a provision which voids legislative authorization if a qualified entity does not notify the Authority by the end of fiscal year 2004 of its desire to continue to pursue a grant from NMFA.

Section 3, contains an emergency clause.

FISCAL IMPLICATIONS

The appropriation of \$25 million contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2001 or any subsequent fiscal year shall not revert to the General Fund. The Water and Wastewater Facility Grant Fund is created outside the Public Project Revolving Fund and will not reduce the capacity of the NMFA to make loans from the PPRF. Entities authorized during the 2000 Legislature and those included in House Bill 160 may likely approach the Legislature for capital funds for all or a portion of their project.

LMK/njw:ar