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F I S C A L I M P A C T R E P O R T

SPONSOR: Adair | DATE TYPED: 03/10/01 | HB

SHORT TITLE: Bonds for Electricity Generation Facility | SB 738/aSFl#1

ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	**FY02**			
		NFI		

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
Public Regulation Commission
Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Senate Floor Amendment

Senate floor amendment #1 expands the authorization to include electric generation facilities as eligible projects for industrial revenue bond (IRB) issuance in all counties.

Synopsis of Original Bill

The bill amends the County Industrial Revenue Bond Act such that industrial revenue bonds (IRB's) can be issued for electric generation facilities located in a Class B county with a population of more than 47,000, but less than 60,000 according to the 1990 Census and the county must have a net taxable value in property tax year 1999 of more than $550 million.

Significant Issues

IRBs exempt firms from paying property taxes to all levels of government.

The Public Regulation Commission notes the bill would result in the issuance of a substantial amount of industrial revenue bonds in the future.

The bill effectively targets the following counties:

Class B Counties	1990 Census Population	1999 Net Taxable Value
Chaves	57,849	$ 555,557,240
Eddy	48,605	$1,088,756,651
Lea	55,765	$1,021,371,700
Otero	51,928	$ 524,657,934

FISCAL IMPLICATIONS

No direct fiscal impact on state or local revenues. To the extent the tax burden would shift to other taxpayers, this legislation would result in a change in tax burden.

OTHER SUBSTANTIVE ISSUES

According to an impact study of industrial revenue bonds published by Legislative Council Service in December 1997 in response to Senate Joint Memorial 46, the state currently provides almost no restrictions on IRBs that would limit the fiscal impact of the tax exemption provisions on the state or other local public bodies. The report concludes:

"It could be argued that no restrictions at the state level are necessary, since the majority of the long-term fiscal impact is on local governments that depend on property tax operating levies to provide services".

AW/ar/njw