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## FISCAL IMPACT REPORT

SPONSOR: Taylor, JG DATE TYPED: 02/12/01 HB 163  
 SHORT TITLE: NMFA Acquisitions for Lease SB \_\_\_\_\_  
 ANALYST: Kehoe

### APPROPRIATION

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

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)

### SUMMARY

#### Synopsis of Bill

House Bill 163 amends the New Mexico Finance Act to allow the Authority to acquire and lease property to qualified entities; amends the Act to allow the Authority to issue bonds secured by lease payments from buildings and to grant mortgages on such buildings; and clarifies the Authority's status as a non-state agency.

#### Significant Issues

House Bill 163 allows the NMFA to acquire and construct buildings for lease to qualified entities for administrative office space or other purposes. The bill also allows the Authority to issue bonds to be secured solely by rental payments received from the buildings and to secure the bonds by granting a mortgage of the buildings. Currently, the NMFA Act prohibits the Authority from leasing a public project to any entity other than a qualified entity. The proposed amendment to the Act would make an exception. It allows the Authority to lease a public project to any entity following termination of a lease if leasing is necessary to avoid forfeiture or impairment of the public project or a default on bonds whose payment is secured by lease rentals from the public project. Finally, House Bill 163 clarifies the judicial validation provision of the NMFA Act to include specific judicial validation of any project or transaction purposed to be undertaken by the Authority.

According to the NMFA, the proposed amendments to the NMFA Act do not raise legal issues in and of themselves. However, legal questions have been raised concerning the contemplated transactions if they use general funds on an operating lease.

**ADMINISTRATIVE IMPLICATIONS**

Passage of House Bill 163 will have a minimal administrative impact on the NMFA and will not cause additional FTE's.

**POSSIBLE QUESTIONS**

1. Will the passage of House Bill 163 allow the NMFA to construct and or lease buildings for use by the State of New Mexico? If so, what is the short-term and long-term financing advantage to the state?
2. Have the legal ramifications of the proposed amendments been fully discussed with the Attorney General?
3. Are other states authorized to issue debt payable solely from general fund revenues?

LMK/ar