NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR:	Campos	DATE TYPED:	01/21/02	HB	
SHORT TITLE	E:NMFA Revenue Bor	ıds		SB	_40

ANALYST: Kehoe

APPROPRIATION

Appropriatio	on Contained			Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
\$1,000.0				Non-recurring	PPRF

Relates to Senate Bill 50.

SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA) LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 40 creates a Water and Wastewater Planning Fund and authorizes NMFA to issue revenue bonds payable from the Public Project Revolving Fund (PPRF) in an amount not to exceed \$1 million for the purpose of providing grants, with condition, or loans to qualified entities for the feasibility and planning of water and wastewater systems. The bill further amends the Public Project Revolving Fund Act to include the water and wastewater planning fund as an eligible purpose for the use of the proceeds of bonds backed by the governmental gross receipts tax distributed to the PPRF.

Significant Issues

Senate Bill 40 would allow NMFA to offer grants to qualified entities for studies and analyses to evaluate and determine the most feasible alternatives and costs associated with those alternatives to meet water supply and wastewater facility needs. The NMFA will adopt rules governing the terms and conditions of grants made from the Water and Wastewater Planning Fund. The grants will be

Senate Bill 40 -- Page 2

made from the fund only if the qualified entity agrees that the fund will be reimbursed if financing from any source is subsequently received by the qualified entity for the water or wastewater public project. Senate Bill 40 allows NMFA to make grants from the Water and Wastewater Planning Fund without specific authorization from the legislature for each grant.

FISCAL IMPLICATIONS

The revenue bonds authorized for issuance in Senate Bill 40 may be issued in installments or at any one time in an amount not to exceed \$1 million and are a non-recurring expense to the Public Project Revolving Fund.

ADMINISTRATIVE IMPLICATIONS

The Water and Wastewater Planning Fund will be administered by the NMFA under the terms and conditions prescribed by the NMFA governing board.

RELATIONSHIP

Senate Bill 50 authorizes 152 projects for water and wastewater grants from the NMFA. Many of the projects may require a feasibility study prior to qualifying for funding. The revenue bonds contained in Senate Bill 40 may provide the entities with a source for paying for necessary studies.

OTHER SUBSTANTIVE ISSUES

Passage of Senate Bill 40 would provide support services to grantees to ensure a coordinated planning and financing effort and the long-term success of the water or wastewater project. Support services may include: assistance in the preparation of standardized preliminary engineering reports that would be accepted by all funding agencies, ensure systems have sufficient operational expertise to operate the final project, ensure that system rate structures will support ongoing maintenance of the system and improvements, and ensure that the project does not conflict with other projects.

POSSIBLE QUESTIONS

- 1. How would NMFA's ability to offer water and wastewater planning services to governmental entities differ from the current infrastructure planning process offered by the Local Government Division of the Department of Finance and Administration?
- 2. In NMFA's estimation, how many entities are there in need of water and wastewater projects that do not have planning sources available?
- 3. Does the NMFA have the staff to provide the necessary technical expertise for water and wastewater planning, or will technical expertise for this purpose be contracted by the NMFA?

LMK/prr