

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Taylor, JG DATE TYPED 2/11/04 HB 568/aHTC

SHORT TITLE Rio Bravo Boulevard Extension SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$1,000.0			Non-Recurring	OSF/State Land Maintenance Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Response Received From
State Land Office (SLO)

No Response From
Department of Transportation (DOT)

SUMMARY

Synopsis of HTC Amendment

The House Transportation Committee amendment extends the time for expenditure from Fiscal Year 2005 to Fiscal Years 2005 through 2007. The unencumbered balance remaining at the end of Fiscal Year 2007 shall revert to the State Land Maintenance Fund and not the General Fund.

Synopsis of Original Bill

House Bill 568 appropriates \$1 million from the uncommitted balances of the advanced coal lease payments in the suspense account of the State Land Maintenance Fund to the Commissioner of Public Lands to plan, design and construct an extension of Rio Bravo Boulevard to Mesa del Sol.

Significant Issues

SLO has a rule providing for advance payments by coal companies to prevent the expiration of a lease. The rule states: "In lieu of the actual production requirement, expiration of a lease may be prevented by the timely payment of an advance...equal to the estimated royalty obligation which would be due if one percent (1%) of the recoverable reserved of the leased land were produced. Payment on or before a lease anniversary date will act to extend the lease until the next ensuing anniversary date; provided, however, that the lease shall not be extended for more than 10 years by such payment.

Several companies have utilized this advance payment process, including those involved with the Salt River Project. Now that the Salt River Project is defunct, those advance lease payments are being moved to the SLO suspense account and are uncommitted balances that can be used for this specific appropriation. Balances for the other projects must be held in suspense pending decisions by the pertinent companies or the 10 year deadline.

SLO notes this is really a capital project bill. The length of time for the appropriation should probably be extended for the same number of years as other capital projects are extended.

This project was previously called University Boulevard, but this bill uses the name Rio Bravo at the request of the DOT.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a non-recurring expense to the uncommitted balances of the advanced coal lease payments in the suspense account of the State Land Maintenance Fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2005 shall revert to the General Fund.

The Legislature appropriated \$1.6 million in State Land Maintenance Fund last year for this project. The project has already received the following funding:

University Boulevard Extension to Mesa del Sol

SLO	\$1,600.0	State Land Maintenance Fund
DOT	\$ 417.0	Severance Tax Bonds
DOT	\$1,700.0	General Fund
<u>GRIP</u>	<u>\$6,000.0</u>	Highway Bonds
TOTAL	\$9,717.0	

The Commissioner was informed by the developer, Forest City Covington, that an additional \$3-4 million would be needed to complete the project. The Commissioner agreed to allow a request for an appropriation from these uncommitted balances up to the \$1 million to be used so that the Mesa del Sol project could continue.

TECHNICAL ISSUES

SLO states this money cannot revert to the General Fund; it must revert to the State Land Maintenance Fund.

DW/yr:lg