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FISCAL IMPACT REPORT

SPONSOR Fidel DATE TYPED 1/28/04 HB _____

SHORT TITLE Acquisition of State Office Buildings SB 54

ANALYST Geisler

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
Significant	Significant	See narrative	Recurring	General

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
General Services Department

SUMMARY

Synopsis of Bill

Senate Bill 54 restores the State Building Bonding Act to exclusive use for acquiring state-owned buildings and thereby reducing recurring costs to lease office space. Authorization to sell bonds for renovation and maintenance of museums and monuments and for developing exhibits is removed. Bonds already sold for museum projects are held harmless.

Significant Issues

The initial 2001 legislation was established to provide a funding source that would finance acquisition of office buildings so that agencies paying high lease costs could be moved to less-expensive, state-owned space. The justification for bonding against gross receipts tax receipts was that there would be a significant, recurring reduction in general fund obligations. In 2003, authorization was added as a revenue stream to finance Cultural Affairs Department (CAD) facility maintenance and permanent exhibits, which do not carry long-term reduction of general fund expenses. One-time funding for CAD projects from the 2003 session will not be jeopardized by this bill, but CAD would no longer be eligible to receive appropriations from bond proceeds under this act.

FISCAL IMPLICATIONS

Laws 2001, Chapter 199 (Senate Bill 214) provided for an earmark of up to \$500 thousand per month from state gross receipts tax revenue to pay for up to \$75 million in bonds to buy and build state office buildings authorized in Laws 2001, Chapter 166 (Senate Bill 182). However, due to the slow pace of building construction/acquisition, only \$34.7 million of bonds have been issued to date and therefore the unused gross receipt tax revenue has been reverting back to the general fund. The revenue stream has therefore been tapped for other pressing needs by the legislature.

Without enactment of this bill, revenue may continue to be diverted from the general fund to pay for expenses that (1) do not carry a long-term recurring general fund reduction or (2) have traditionally been funded through operating budgets.

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