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FISCAL IMPACT REPORT

SPONSOR Smith DATE TYPED 1/30/2004 HB _____

SHORT TITLE Dept. of Transportation Property Sales SB 215

ANALYST Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
		Indeterminate			

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
		indeterminate		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
New Mexico Department of Transportation
State Land Office

SUMMARY

Synopsis of Bill

Senate Bill 215 would provide additional flexibility to the New Mexico Department of Transportation in managing its real estate. The bill allows the department to divest its excess properties and deposit the revenues into the state road fund.

The bill sets up criteria for managing the disposition of these properties. First, within five years of NMDOT acquisition, NMDOT must provide the prior owner (or prior owner's personal representative or heir) the right to purchase the property, at the original price and six percent interest per annum. However, if the prior owner elects not to exercise the option, NMDOT may sell the property on the open market in a commercially reasonable manner.

Significant Issues

According to NMDOT, Section 13-6-2 NMSA 1978, *Sale of Property by State Agencies*, currently has provisions that allow for the negotiated sale of real property. The problem is that NMDOT is specifically excluded from this statute. Currently, after giving the former property owner the first right to purchase, NMDOT disposes of real property by means of a sealed bid, generally, after some party has expressed interest. The result has been that NMDOT cannot actively market excess lands and consequently has amassed an inventory of parcels of land valued at an estimated \$11 million. Furthermore, in cases where NMDOT is successful in selling excess property through public auction, NMDOT often receives compensation far below market value for the property. The bill would alleviate these problems by allowing NMDOT to dispose of real property by using commercially reasonable means (e.g. realtor) to market and sell the real estate so as to maximize the return on the property.

FISCAL IMPLICATIONS

SB215 does not contain an appropriation.

MFV/lg