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FISCAL IMPACT REPORT

SPONSOR Campos DATE TYPED 02/09/04 HB _____

SHORT TITLE Private Activity Bond Allocation & Fees SB 458

ANALYST Johnson

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	\$133.9	See Narrative	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration

Office of the Attorney General

SUMMARY

Synopsis of Bill

Senate Bill 458 allows the state board of finance (SBOF) to impose fees for parties requesting an application, allocation or extension of the state board of finance's ceiling for private activity bonds (PAB).

Significant Issues

The department of finance and administration provided the following:

New Mexico is one of the few states that does not impose fees on the PAB program. By imposing these fees, it would allow for only serious applicants to apply for PAB cap that are ready to use the cap on qualified projects. It would help deter applicants whose projects are not ready to start from requesting PAB cap and then returning the cap after several months when their projects are not ready to begin, thus tying up the use of the cap and preventing other qualified applicants from using the PAB cap.

FISCAL IMPLICATIONS

The bill does not contain an appropriation. The estimate revenue impact for FY05 of \$133.9 was provided by the SBOF and was derived by taking the number of requests submitted and applying the fee amount. It should be noted that SBOF used their recommended allocation fee of \$0.0005 as opposed to the fee in the bill of \$0.005 to derive the estimated revenue impact.

The department of finance and administration provided the following:

New Mexico qualifies for the minimum amount of PAB cap allocation allowed by the IRS, which currently is \$233,795,000. This minimum amount increases each year as determined by inflation. The revenue generated by the allocation fee also increases by inflation each year.

ADMINISTRATIVE IMPLICATIONS

The department of finance and administration provided the following:

This program is currently administered by the SBOF. The SBOF would collect the fees and deposit them in the general fund. No additional FTE or resources would be required to administer the program. The SBOF regulation on PAB cap allocations would have to be changed to reflect the new fees if imposed.

TECHNICAL ISSUES

The attorney general's office provided the following:

This analysis is neither a formal Attorney General's Opinion nor an Attorney General's Advisory Opinion letter. This is a staff analysis in response to the agency's, committee's, or legislator's request. It should be noted that pursuant to NMSA 1978, Sections 12-1-8 and 12-2A-10(A), if any statutory sections amended by this bill are also amended by another bill or bills, the bill last signed by the Governor will govern. See State v. Smith, Ct.App. Nos. 24,253, 24,254 and 24,258 (filed 1/12/04), pet. for cert. pending. Section (1) may want to state the money is nonre-fundable. Section (1) should state the money will go to the general fund.

The department of finance and administration provided the following:

The bill should be amended to change the allocation fee from \$0.005 to \$0.0005, or 0.05%.

CJJ/yr:dm