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FISCAL IMPACT REPORT

SPONSOR Lujan, B DATE TYPED 02/25/05 HB 1045

SHORT TITLE New PERA Office Building SB _____

ANALYST Geisler

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|-------------------|----------------------|---------------|
| FY05 | FY06 | FY05 | FY06 | | |
| | | | .01 See Narrative | | |
| | | | | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to: SJR 17

SOURCES OF INFORMATION

Public Employees Retirement Association (PERA)
General Services Department (GSD)

SUMMARY

Synopsis of Bill

House Bill 1045 amends the PERA Act to authorize the PERA Board to acquire land and construct a new building to house the association if the existing PERA Building is sold. HB 1045 provides authority to use the proceeds of the sale of the existing PERA Building to design and construct a new building for PERA, which will be held as a trust asset in PERA's name.

Significant Issues

If the existing PERA Building and surrounding property is sold, HB 1045 will give the PERA Board authority to use the proceed of the sale for purchasing land and construction of a new building to house the association.

FISCAL IMPLICATIONS

No fiscal impact, unless the PERA building is sold and the board undertakes construction of a

new building.

CONFLICT, DUPLICATION, COMPANIONSHIP OR RELATIONSHIP

A companion bill, Senate Joint Resolution 17, gives GSD the prior authorization to trade or sell property it owns in Santa Fe County to the PERA Board for construction of or alteration of an office building to house the association if the existing PERA Building is sold. HB 1045 gives the PERA Board statutory authority to acquire land from GSD through the purchase or land trade provisions of Senate Joint Resolution 17.

OTHER SUBSTANTIVE ISSUES

In 1965, an act was passed authorizing the PERA Board to use the PERA trust fund to acquire, in the name of PERA, land adjacent to the state capitol grounds and build thereon a building to house the association and its employees. The law further directed PERA to give first priority to public agencies in leasing such space in the PERA Building as was not needed for PERA's own use. Laws of 1965, Chapter 210. The provisions of the 1965 law are still codified in the PERA Act. NMSA 1978, § 10-11-130(A)(8). The PERA Building and grounds are held on PERA's books as an investment of the PERA trust fund. Pursuant to both the PERA Act and Article XX, §22, of the New Mexico Constitution, the PERA Board is the trustee of the PERA fund and is responsible for administering trust investments.

The PERA Board and Capitol Building Planning Committee have begun substantive negotiations regarding sale of the PERA building and grounds. If the PERA Board successfully negotiates a sale of its existing Building and surrounding grounds, PERA will be required to relocate to another location. The PERA Building and property is held on PERA's books as an investment asset of the PERA trust fund and is its only permissible real estate investment. HB 1045 gives the PERA Board statutory authority to acquire land for construction of a new building to house PERA and its employees, which will be held in PERA's name, in fee simple, as an investment asset.

HB 1045 authorizes the PERA Board to use the proceed of the sale of its existing Building and property, or any other funds under its control (use of which is permissible by law) to purchase land and to plan, design, construct a new building for PERA.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

The PERA Board will not have explicit statutory authority to use the proceeds of the sale of the existing PERA Building to acquire land and construct a new building if and when the PERA Board negotiates a sale with the Capitol Buildings Planning Commission. If authority is not given to the PERA Board to purchase land and construct its own facility, negotiations for the sale of PERA's current property may cease.

GG/lg