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FISCAL IMPACT REPORT

SPONSOR HTRCS/HB 1113 **DATE TYPED** 03/01/05 **HB** 1113/HTRCS

Relating to Public Peace, Health, Safety and Welfare;

SHORT TITLE Amending the Severance Tax Bonding Act **SB** _____

ANALYST Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
\$65,000.0				Non-Recurring	Severance Tax Bond Capacity
\$33,500.0				Non-Recurring	General Fund
\$400.0				Non-Recurring	Game Protection Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 1035

Conflicts with House Bill 885 and Senate Bill 886

Relates to House Bill 499 and an appropriation in the General Appropriation Act

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
\$98,900.0			Non-Recurring	Legislative Bond Proceeds Capital Fund
(\$98,900.0)			Non-Recurring	Legislative Bond Proceeds Capital Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Taxation and Revenue Committee Substitute for House Bill 1113 creates a new capital fund and process for the distribution of capital funds; authorizes the issuance of severance tax bonds totaling \$65 million; appropriates \$33.5 million from the general fund; appropriates \$400 thousand from the game protection fund

Significant Issues

House Taxation and Revenue Committee Substitute for House Bill 1113 (HB1113/HTRCS) creates a new fund entitled the "legislative bond proceeds capital fund". The fund will consist of monies appropriated to the fund, subject to appropriations by the legislature, for disbursement for capital outlay projects. The fund is to be administered by the Legislative Council Service (LCS). Upon appropriations authorized by the legislature from the legislative appropriation capital fund, the director of LCS is authorized to contract with the agency for disbursing the funds to the agency. The contract will contain provisions to ensure the money is expended for purposes consistent with the appropriation and that the proper amount of funds be directed to those projects authorized by resolution by both houses of the legislature.

The bill further provides that no severance tax bonds be issued by the Board of Finance until the director of LCS notifies the board in writing that a recipient agency has certified to the director that a project has developed to the point that the money is needed and will be expended within the time limits established by law.

FISCAL IMPLICATIONS

The appropriations of \$65 million in severance tax bonds, \$35 million from the general fund and \$400 thousand from the game protection fund appropriated to the legislative bond proceeds capital fund are a non-recurring expense to the specified funds. The amounts to be disbursed from the legislative bond proceeds capital fund for purposes specified by legislative resolution are as follows:

- \$5 million to Aging and Long-term Services Department
- \$7 million to General Services Department
- \$20 million to Department of Health
- \$3 million to Department of Cultural Affairs
- \$2 million to Department of Military Affairs
- \$14 million to Department of Corrections
- \$5 million to Children, Youth and Families Department
- \$4.5 million to General Services Department
- \$9.5 million to Office of the State Engineer
- \$20 million to the Commission on Higher Education
- \$2 million to the Cumbres and Toltec Scenic Railroad Commission
- \$3.5 million to the State Game Commission
- \$3 million to the State Fair Commission
- \$400 thousand to the State Game Commission

Any unexpended balance of a disbursement for a project from the legislative bond proceeds capital fund, including a project that has been reauthorized, will revert as follows: 1) for projects for which severance tax bond proceeds were disbursed to match federal grants, six months after completion of the project; 2) for projects for which severance tax bond proceeds were disbursed to purchase vehicles, heavy equipment, educational technology or other equipment or furniture that is not related to a construction or renovation project, at the end of the fiscal year following the fiscal year in which the certification was made for the purchase; 3) for projects for which severance tax bond proceeds were disbursed to purchase emergency vehicles or other vehicles that require special equipment, at the end of the fiscal year two years following the fiscal year in which the certification was made for the purchase; and 4) for all other projects for which severance tax bond proceeds were disbursed, within six months of completion of the project, but no later than the end of fiscal year 1010.

Unexpended or unencumbered balances remaining at the end of any fiscal year from the proceeds of the general fund or the game protection fund shall not revert to their respective funds.

ADMINISTRATIVE IMPLICATIONS

The proposed legislative appropriation capital fund and disbursements from said fund will be administered and monitored by the Legislative Council Service. Disbursement from the fund will be made by warrants drawn by the Secretary of Finance and Administration pursuant to vouchers signed by the Director of the Legislative Council Service.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill duplicates Senate Bill 1035.

This bill conflicts with House Bill 885 which authorizes the sale of severance tax bond proceeds and makes appropriations for various capital outlay projects not consistent with the provisions of this bill.

This bill conflicts with Senate Bill 886 which authorizes the sale of severance tax bond proceeds and makes appropriations for various capital outlay projects not consistent with the provisions of this bill.

HB1113/HTRCS may conflict with House Bill 499 which establishes the Capital Outlay Division within the Department of Finance and Administration intended to have an extended role in administering capital outlay projects for the executive branch.

The House Appropriations and Finance Committee Substitute for House Bills 2, 3, 4, 5, 6 and 48 include \$22.8 for higher education capital projects; \$675 thousand for Department of Military Affairs capital projects; and \$500 thousand for New Mexico Correction Department capital projects.

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