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## FISCAL IMPACT REPORT

SPONSOR Garcia DATE TYPED 3/14/05 HB \_\_\_\_\_  
 SHORT TITLE NMFA Public Project Revolving Fund Projects SB 152/aSCONC/aSFC/aHTRC  
 ANALYST Kehoe

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			NFI		Public Project Revolving Fund (See narrative)

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files  
 New Mexico Finance Authority (NMFA)  
 New Mexico Environment Department (ED)

### SUMMARY

#### Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment strikes Senate Finance Committee amendment #2 and in lieu thereof requests legislative authority for loans from the Public Project Revolving Fund to 105 entities and projects. The amendment also strikes Senate Conservation Committee amendment #2, which was an incorrect typographical change.

#### Synopsis of SFC Amendment

The Senate Finance Committee amendment strikes the Senate Conservation Committee amendments and in lieu thereof requests legislative authority for 88 entities and projects with an approximate value of \$100 million to make loans from the Public Project Revolving Fund.

#### Synopsis of SCONC Amendment

The Senate Conservation Committee amendment provides for punctuation corrections throughout the bill; and adds 42 entities and projects with an approximate value of \$60 million within the bill to be considered for legislative authority to make loans from the Public Project Revolving Fund.

Synopsis of Original Bill

Senate Bill 152 authorizes NMFA to provide loans from the Public Project Revolving Fund (PPRF) to 108 statewide qualified entities for public infrastructure projects under the conditions established by NMFA.

Significant Issues

Section 1, describes the 108 projects and identifies the state and local entities requesting legislative authority to make loans from PPRF. According to NMFA, the approximate value of all the projects contained in this section totals approximately \$216 million in statewide needs.

Loans from PPRF benefit eligible entities by allowing them to borrow for infrastructure projects at below market costs, based on terms and conditions established by NMFA. The authorization provided in the bill does not guarantee that those projects will receive an NMFA loan. Loans will be made to entities that can identify a sufficient revenue source for repayment of a loan and are able to meet other financial criteria established by the Authority.

Section 2, voids legislative authorization if a qualified entity does not notify the Authority by the end of fiscal year 2008 of its desire to continue to pursue a loan from NMFA.

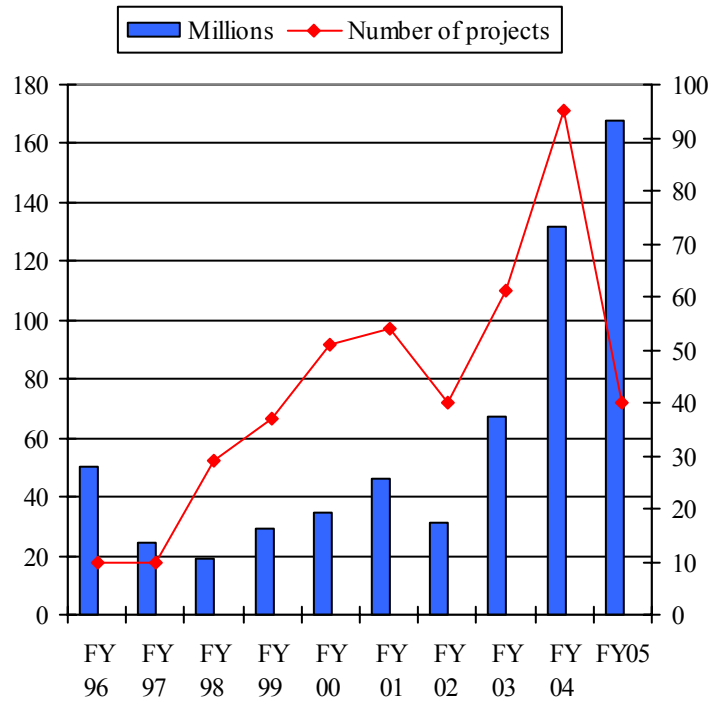
Section 3, contains an emergency clause.

**FISCAL IMPLICATIONS**

Senate Bill 152 does not appropriate funds. However, loans made in the interim as a result of passage of this bill would result in reducing the loan capacity of the Public Project Revolving Fund. PPRF capacity for direct cash loans as of December 2004 was approximately \$15 million.

A significant source of capital for infrastructure projects administered by NMFA, approximately \$18 million per year, is derived from an annual distribution of 75% of the state's Governmental Gross Receipts Tax (GGRT). In addition to GGRT, NMFA raises capital through the issuance of tax-exempt pooled bonds and direct loan repayments. To date, PPRF has financed 420 loans statewide totaling \$599 million. Demand for PPRF funding has increased significantly from fiscal year to fiscal year. The graph below provided by NMFA depicts the growth of senior lien lending activity and shows the demand trend for PPRF funding.

**PPRF Annual Activity**  
by millions of dollars and numbers of projects



**DUPLICATION**

Senate Bill 152 duplicates House Bill 95 in its entirety.

LMK/lg:yr