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FISCAL IMPACT REPORT

SPONSOR Griego DATE TYPED 03/07/05 HB _____

SHORT TITLE Infrastructure Renovation and Performance SB 998

ANALYST Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
NFI				N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 New Mexico Corrections Department (NMCD)
 Office of the Attorney General (AG)
 General Services Department (GSD)
 New Mexico Environment Department (NMED)

SUMMARY

Synopsis of Bill

Senate Bill 998 enacts the Infrastructure Renovation and Performance Guarantee Act and authorizes governmental entities to enter into agreements for the renovation of certain infrastructure for specific purposes.

Significant Issues

Senate Bill 998 creates the Infrastructure Renovation and Performance Guarantee Act. The purpose of the Act is to authorize one or more governmental entities to enter into appropriate contractual agreements for the following purposes: 1) restoring depreciated or deteriorated civil infrastructure assets so long as the renovation cost is less than the replacement value; 2) for the financing of the restoration; and 3) provide for performance guarantees provided by a third party or risk pooling provider. The bill defines “civil infrastructure assets” as any infrastructure-fixed asset of governmental entities such as roads, pipelines, water and wastewater treatment systems,

electrical generation and distributions systems and telecommunication systems.

Existing law, Article 2, Joint Powers Agreements Act, allows a joint and coordinated effort to be undertaken by separate governmental units. The agreement must be authorized by their legislative or other governing bodies.

The substance of Senate Bill 998 addresses findings, definitions, rules of interpretation. However, if the intent is to propose a method for financing infrastructure, the bill should include express substantive provisions addressing safeguards for governmental entities, requirements addressing performance guarantees, and requirements for financing infrastructure.

OTHER SUBSTANTIVE ISSUES

According to DFA, “this legislation appears to be a pared down version of last year's Senate Bill 543 which contained provisions for the development of a non-profit "Infrastructure Development Corporation" by a local government entity. The corporation could acquire asset backed financing through the New Mexico Finance Authority (NMFA) for restoration projects. This version does not contain such provisions, but rather authorizes entities to enter into agreements that provide for the financing of restoration projects. It is not clear that governmental entities are currently prohibited from entering into such agreements. Further, it is not clear that this legislation is providing additional authority to governmental entities beyond what they currently have.”

The Local Government Division's Infrastructure Capital Improvement Plan (ICIP) identifies over \$1.6 billion in infrastructure needs for FY 2005, and \$6.1 billion in needs through FY 2009.

LMK/sb