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FISCAL IMPACT REPORT

SPONSOR Fidel DATE TYPED 3/7/05 HB _____
 SHORT TITLE Wastewater Construction Loan Fund SB 974
 ANALYST Hadwiger

APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
\$1,500.0				Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Environment (NMED)

SUMMARY

Synopsis of Bill

Senate Bill 974 appropriates \$1.5 million from the general fund to the Wastewater Facility Construction Loan Fund for expenditure in FY05 through FY10 to carry out the provisions of the Wastewater Facility Construction Loan Act.

Significant Issues

NMED indicated this appropriation is needed as a state match for up to \$7 million of federal funding to capitalize the state's revolving loan fund for wastewater projects in New Mexico. The fund provides low interest loans (3% or less) to New Mexico communities for needed wastewater facility improvements.

FISCAL IMPLICATIONS

The appropriation of \$1.5 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY10 would revert to the general fund. NMED receives four percent of the federal capitalization money to administer the loan program. Matching federal dollars will bring additional administration funding to New Mexico.

ADMINISTRATIVE IMPLICATIONS

SB974 would generate additional funding for NMED administration of the program.

OTHER SUBSTANTIVE ISSUES

NMED asked that the funds be made non-reverting and remain in the fund for construction loans, because this could create audit issues with regard to federal match. Also, it is unclear how an appropriation to a loan fund would be reverted after four years (i.e. how would the particular funds from the FY06 appropriation be identified and segregated from other funds in the revolving loan fund?)

DH/yr