

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 2-9-06

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE STATE LAND SALES TO LOCAL GOVERNMENTS FIRST SB 533

ANALYST Hadwiger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	None		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

General Services Department (GSD)

SUMMARY

Synopsis of Bill

Senate Bill 533 would require that, if a state agency proposes to sell or dispose of real property, the agency shall offer the property for right of first refusal to the political subdivision within which the property is located. If the political subdivision declines the offer, the agency may dispose of the property through existing mechanisms.

FISCAL IMPLICATIONS

There is no direct fiscal impact from this bill.

SIGNIFICANT ISSUES

GSD noted that this bill would preclude property exchanges that are beneficial to the state. For example, a private company is developing land in the vicinity of the Santa Teresa border crossing in Dona Ana County, which includes a new road that would allow vehicles to by-pass the state port-of-entry where vehicle safety inspection is conducted and fees are collected. The proposed solution is to trade the existing state port-of-entry site for privately-owned property imme-

diately adjacent to the federal border crossing so vehicles would not be able to avoid safety inspection and fee collection.

GSD added that the bill is silent on the time political subdivisions would be allowed to exercise the first right of refusal, which could significantly delay disposal of real property declared surplus and unusable by the State. Also, if two political subdivisions in which property is located (city and county) are interested in the property, the bill is silent about which entity would have the first right of first refusal.

DFA noted that Section 11-6-3 NMSA 1978 defines: "'political subdivision" to include any county; incorporated city, town or village; drainage, conservancy, irrigation, water and sanitation or other district; mutual domestic association; public water cooperative association; or community ditch association.' DFA was concerned that the intent of the legislation may not include all of these entities.

ALTERNATIVES

GSD suggested one alternative might be to require that local public bodies be notified to ensure their opportunity to compete for property that is determined to be unusable.

AMENDMENTS

DFA reiterated that Section 11-6-3 NMSA 1978 defines: "'political subdivision" means any county; incorporated city, town or village; drainage, conservancy, irrigation, water and sanitation or other district; mutual domestic association; public water cooperative association; or community ditch association.' The bill sponsor may want to consider whether to more narrowly define the intended political subdivisions through amendment.

GSD recommended four amendments be considered:

- On page 2, line 3, after the first occurrence of the word “property”, insert the words “determined to be unusable by the state”.
- Section 1B, second clause should be amended to read “the agency shall give to the political subdivision within which the property is located the right of first refusal to acquire the property.”
- Section 1(B) should be amended to clarify which political subdivision is to be given the right of first refusal, a municipality or the county since a property can be located in both political subdivisions.
- It is not clear what is intended by “negotiation” in Section (C) 1 and 2. The intent of the statute is to provide for the disposition of property, a negotiation is a process used to reach a disposition of property, not the disposition itself. What method of disposition, sale, trade, etc. should be specified.
- The phrase “negotiated sale” was deleted in Section (C) 1 and 2, but remains in Section (C) (3). It is not clear if this was intended or a typographical error.