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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/07

SPONSOR T. Garcia LAST UPDATED _____ HB 432

SHORT TITLE Village of Eagle Nest Professional Services SB _____

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$75.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 432 appropriates \$75,000 from the General Fund to the Local Government Division of the Department of Finance and Administration in order to fund professional services contracts for the Village of Eagle Nest.

FISCAL IMPLICATIONS

The appropriation of \$75.0 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the General Fund.

SIGNIFICANT ISSUES

The Mayor of the Village of Eagle Nest provided the following breakdown for the professional services contracts to be funded through HB 432:

Attorneys' fees for election lawsuit judgment -	\$56,250
Attorneys fees for water rights work -	\$18,750
Total expenditures in FY 2008 -	75,000

The Department of Finance and Administration reports that the election lawsuit attorney fees are a result of a lawsuit filed by the loser of the March 2006 election for mayor. The plaintiff alleged fraudulent voter intimidation and that precincts didn't conduct the election fairly. The 8th Judicial District of New Mexico agreed with the plaintiff and ordered the Village of Eagle Nest to pay her legal fees and court costs and to have a special election for mayor before April 4, 2007. The Village of Eagle Nest is seeking this money from the legislature “to cut through bureaucracy and red tape,” presumably a reference to the Village seeking a loan from the Board of Finance. The advantage to the Village of this special appropriation is that the funds would not have to be repaid, whereas a loan would have to be repaid.

The water rights work is presently almost complete except for the payment of the legal fees.

POSSIBLE QUESTIONS

DFA raised the following question:

1. Did the Village appropriate funds for contract attorney fees for the water rights work prior to the work beginning and, if so, why was that original budget insufficient to cover the costs?

WEP/csd