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FISCAL IMPACT REPORT

ORIGINAL DATE 2/15/07
 LAST UPDATED 3/1/07 HB 1137/HTRCS

SPONSOR HTRC

SHORT TITLE Capitol Buildings Repair Fund SB _____

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$1,000.0	\$2,500.0	Non-Recurring	Capitol Buildings Repair Fund
\$1,000.0		Non-Recurring	Legislative Cash Balances

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 Property Control Division (PCD)

Synopsis of HTRC Substitute

The House Taxation & Revenue Committee Substitute for House Bill 1137 appropriates \$4.5 million to the Legislative Council Service for the purpose of planning, designing, constructing and renovating the capitol north complex and for limited renovations at the capitol.

FISCAL IMPLICATIONS

The House Taxation & Revenue Committee Substitute for House Bill 1137 appropriates \$1 million from the fiscal year 2007 distributions made to the capitol buildings repair fund, \$2.5 million from the 2008 fiscal year distributions to the same fund, and appropriates \$1 million from legislative cash balances to the Legislative Council Service for expenditure in fiscal years 2007 through 2011. Any unexpended or unencumbered balances remaining at the end of fiscal year 2011 shall revert to the capitol buildings repair fund.

Distributions to the capital buildings repair fund are derived from the land grant permanent fund derived from lands granted to the state by the United States Congress for legislative, executive and judicial public buildings. Two percent of the fund is transferred annually to a “state capitol maintenance fund” as a perpetual fund for the upkeep and maintenance of the capitol renovation and capitol grounds. The fund may be used to repair, remodel and equip capitol buildings and adjacent lands, to repair or replace building machinery and building equipment located in capitol

buildings and to contract for options to purchase real estate. No money shall be expended from the capitol buildings repair fund without authorization of the State Board of Finance.

The fiscal year 2007 royalty distribution from the land grant permanent fund to the public building repair fund is \$5,318.0 million and is projected to be \$5,620.0 million in fiscal year 2008.

In 1999, the New Mexico Finance Authority issued Private Placement Bonds totaling \$9,315.0 million with a 15-year term for the purposes of repairing, remodeling, constructing and equipping the state library now known as the north capitol annex. The source of funding to repay the bonds is income and distributions from the Land Grant Permanent Fund. Inasmuch as the bonds were distributed from the Permanent Fund, the bonds were taxable. The NMFA receives the full appropriation of the distribution on a monthly basis, and retains the needed amount to pay the debt service (approximately \$1 million annually), and returns the remaining amount to the Capitol Building Repair Fund administered by the Property Control Division of the General Services Department.

SIGNIFICANT ISSUES

The appropriation and purposes of this bill will address much needed space needs of the legislative staff and allow for the development of long-range space plans to address space needs of all other occupants at the Capitol north. Current occupants include the staffs of the Legislative Finance Committee, Legislative Education Study Committee, the Secretary of State, and legislative offices. The funding will also allow for developing long-range space plans to address long-term space needs of all the agencies located at the capitol.

OTHER SUBSTANTIVE ISSUES

The PCD and Building Services Division of the General Services Department conduct an annual survey of facility conditions to identify priority projects. The capital building repair fund is the primary resource available for major repairs and equipment replacement in the Santa Fe building complexes.

According to PCD, scheduled projects approved by the State Board of Finance for January to June 2007 include \$2.9 million of major roof repairs, electrical upgrades, flooring and life-cycle replacements at the Central, South and West Capitol campuses, along with continuation of significant upgrades at the Simms building computer room that is required to accommodate informational technology efforts. The PCD indicates the reduction of \$3.5 million in revenue to the capital building repair fund over a two-year period will require reprioritization of planned projects so that sufficient money is available for emergencies, critical repairs, and other replacements to avoid mechanical breakdowns at the 47 buildings under their jurisdiction in the Santa Fe locale. The PCD indicates major improvements and upgrades to facilities such as the Bataan Memorial, runnels, and Lujan buildings, as well as previously approved projects that are not yet under construction, will be reprioritized to fit within available revenue.