F I S C A L   I M P A C T   R E P O R T

SPONSOR Campos **ORIGINAL DATE** 2/20/07 **LAST UPDATED** 2/22/07 **HB** 1274

SHORT TITLE County Debt for Voting Machines **SB**

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	$3,500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

REVENUE

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	386.0		N	General Fund
	3,500.0		N	Board of Finance – Electronic Voting Machine Revolving Fund

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses received from
Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 1274 appropriates $3,500.0 from the General Fund to retire county debt for voting machines.

FISCAL IMPLICATIONS

The appropriation of $3,500.0 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.

The funds will be used to repay outstanding county loans with the Board of Finance for voting machines and equipment purchases made in past years. The loans were made from the Electronic Voting System Revolving Fund and lease purchase agreements were established between the State Board of Finance and the each county. A one year moratorium on loan repayments was approved by the Board of Finance and expires in December 2007. Currently the fund has a balance of $3,386,030.64 and with this appropriation the new balance will be $6,886,030.64. According to 1-9-19, NMSA 1978, the amount in excess of $6,500,000 shall revert to the General Fund at the end of the fiscal year. As a result, $386,030.64 will revert to the General Fund at the end of FY08.

SIGNIFICANT ISSUES

HB 1274 appropriates $3,500.0 to the state Board of Finance for expenditure in FY08 to retire county debt for voting machines pursuant to Sections 1-9-17 and 1-9-18 NMSA 1978.

DFA notes that the outstanding loans were made to counties to purchase electronic voting equipment and machines that are no longer in use due to the Senate Bill 295, (the paper ballot bill) passed in last year's session. SB 295 phased out the electronic voting machines and replaced them with paper ballot machines. Therefore, the counties are required to make loan payments for machines for which they no longer have use. If the appropriation is granted then the counties will own these machines and may be able to sell them. Currently, these machines are owned by the Board of Finance but are in the custody of the counties and many of these machines are being stored by General Services Department on a temporary basis. In any case, DFA suggests that the disposal of these machines be addressed.

TECHNICAL ISSUES

DFA reports that the Electronic Voting System Revolving Fund may need to be reconstructed. Currently, the fund can only be used to purchase electronic voting systems and support equipment and it is uncertain whether the newly required paper ballot machines would qualify as electronic voting systems.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If the appropriation is not granted, the counties will need to make loan payments starting on December 31, 2007. Since the machines are owned by the Board of Finance, the storage and disposal will be left with the Board of Finance. The Board of Finance does not have the resources or authority to take on such a task.

WEP/mt