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FISCAL IMPACT REPORT

	ORIGINAL DATE	2/01/07	
SPONSOR <u>Sanchez, M.</u>	LAST UPDATED	<u>2/28/07</u>	HB _____
			710/aSFC/aHTRC/
SHORT TITLE <u>2007 Capital Expenditures</u>			SB <u>aHF1 #1/aHF1 #2</u>
			ANALYST <u>Kehoe</u>

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$82,521.1		Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 Public Education Department
 Higher Education Department

SUMMARY

Synopsis of HF1 #1 and #2 to HTRC Committee Report

House Floor Amendment #1 to the House Taxation & Revenue Committee report amends a \$3 million appropriation within the bill to allow for \$1.5 million of the appropriation to be used to purchase land adjacent to the Espanola campus to accommodate expansion of Northern New Mexico State School in Rio Arriba County; and the remaining \$1.5 million to be used to purchase equipment and materials for the library of the same campus.

House Floor Amendment #2 to the House Taxation & Revenue Committee report increases the appropriation for renovation of state armories statewide from \$3,025,200 to \$3,198,800.

Synopsis of HTRC Amendment

House Taxation and Revenue Committee amendments to Senate Bill 710 strike all Senate Finance Committee amendments, and authorize \$82,521.1 million in expenditures for capital projects statewide from the general fund in fiscal year 2007

Synopsis of SFC Amendment

Senate Finance Committee amendments to Senate Bill 710 incorporates \$26,862.0 million worth of capital projects statewide into the bill and appropriates the expenditures from the general fund

in fiscal year 2007.

Synopsis of Original Bill

Senate Bill 710, with an emergency clause, appropriates \$52,356.0 from the general fund to various state agencies for various capital outlay expenditures statewide for expenditure in FY07.

FISCAL IMPLICATIONS

The appropriation of \$79,218.0 million contained in this bill is a nonrecurring expense to the general fund.

SIGNIFICANT ISSUES

Senate Bill 710 appropriates funding for all House and Senate capital outlay within Laws of 2006, Chapter 111, excluding a \$75,000.0 appropriation in Section 77 for the Indian water rights settlement fund. Laws of 2006, Chapter 111 authorized \$718.1 million for 3,040 projects providing a significant impact on the state's economy and the public health and safety of the state's citizens. The authorized expenditures in the bill included \$215.8 million from severance tax bond proceeds (STB); \$487.7 million from the general fund (GF); \$9 million from the appropriation contingency fund (ACF) for the Pecos River Compact settlement (contingent on at least 95 percent of existing appropriations to implement settlement is expended or encumbered by end of fiscal year 2007) and \$5.6 million from other state funds (Miners' trust fund, state road fund, and educational retirement funds).

Following passage of the General Appropriation Act, Chapter 109 and State Agency Expenditures Act, Chapter 110, \$410.9 million remained available for one-time capital outlay expenditures, while still leaving the reserve levels at 10 percent. The House and Senate combined expended \$192.7 million from general fund balances, while the governor expended \$335.9 million, thus dropping the reserve levels to 7.5 percent. The House authorized "contingent" appropriations to the Indian Water Rights Settlement Fund totaling \$75 million which may have dropped the reserve levels to 5.5 percent if the contingencies were met.

Citing the need to raise the reserve levels, the governor line-item vetoed 812 projects totaling approximately \$127.4 million from the capital bill. The vetoed items totaled \$117.3 million from the general fund and approximately \$10.1 million from STB capacity. It should be noted that vetoed projects authorized from severance tax bond capacity do not impact the general fund reserve levels. Of the 112 legislators, only two House members were spared from the governor's veto pen. The governor vetoed 10 of his own projects totaling \$2.1 million. According to Executive Message 140, the vetoes targeted those projects the governor indicated were "local community responsibilities, those that lacked full funding or sound planning or those that conflicted with strategic priorities." The majority of the vetoed projects in Bernalillo, Chaves, Lincoln, Otero, Roosevelt, San Juan, San Miguel, Sandoval and Valencia Counties were for public school educational technology, books, and athletic fields; higher education facilities and equipment; and public facility renovations. Curry County lost funding to purchase an ambulance, while Dona Ana County lost funding for several public safety vehicles.

	House	Senate	Legislative Statewide*	Governor		State Agencies	Other State Funds	Veto Amounts	Total
				Local	Statewide				
General Fund	92.3	92.4	9.3	118.3	155.7	62.0	-	(42.3)	487.6
Severance Tax Bond	75.7	75.6	-	31.6	43.0	-	-	(10.0)	215.8
Other Funds	-	-	0.1	-	-	-	5.5	-	5.6
Total	168.0	168.0	9.4	149.9	198.7	62.0	5.5	(52.4)	709.1

* General Fund includes \$9 million for Pecos Settlement

SENATE/HOUSE/GOVERNOR VETOES					
Senate Vetoes	\$27.4				
House Vetoes		\$22.9			
Governor Vetoes			\$2.1		
TOTAL VETOES				\$ 52.4	

LMK/nt