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FISCAL IMPACT REPORT

ORIGINAL DATE 2/19/07
 SPONSOR SFC LAST UPDATED 3/12/07 HB _____
 SHORT TITLE Capitol Buildings Planning and Facilities SB CS/1061/aHAFC
 ANALYST Kehoe/Francis

APPROPRIATION (dollars in thousands)

Appropriation			Recurring or Non-Rec	Fund Affected
FY07	FY08			
\$11,000.0	NFI	Non-Recurring	Severance Tax Bond Capacity	
\$1,500.0	NFI	Non-Recurring	Property Control Reserve Fund	
\$3,500.0	NFI	Non-Recurring	Public Buildings Repair Fund	
\$1,000.0	NFI	Non-Recurring	General Fund	

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
(\$60.0)	(\$360.0)	(\$360.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment changes the funding source for the \$11 million appropriation for the construction of the state laboratory services building from the general fund to severance tax bond capacity and makes corresponding technical corrections to the title of the bill.

Synopsis of Original Bill

The Senate Finance Committee amended Senate Bill 1061 in the following ways:

- Added the state treasurer to the commission
- Removed the NM staff architect from the commission
- Requires the Legislative council service to staff the commission in coordination with the staff architect and other staff of the property control division. Currently, LCS only coordinated with the staff of the PCD.
- Raises the gross receipts tax distribution to \$530 thousand from \$500 thousand
- Allows PCD to use the funds to acquire the “Coughlin Building” which is within the central capitol campus
- Raises the limit for office building revenue bonds to \$100 million.
- Removes a section that allows the New Mexico Finance Authority to issue additional state office building tax revenue bonds for purposes specified in Laws 2001, Chapter 166, and Section 1 as amended by in 2005.
- Appropriates:
 - \$11 million from severance tax bond capacity for the state laboratory facility
 - For acquisition of property within the west capitol complex owned by the US government:
 - \$1.5 million from the property control reserve fund
 - \$3.5 million from the public buildings repair fund
 - For the NM State police crime laboratory, \$1 million from the general fund.

Senate Finance Committee Substitute for Senate Bill 1061, for the Capitol Buildings Planning Commission, expands the planning authority of the Capitol Buildings Planning Commission to include the greater metropolitan areas of Las Cruces; authorizes \$350 thousand of the proceeds of state office building tax revenue bonds to be used for master planning for state facilities and annual updates to the state building master plan; and appropriates \$16 million from the general fund to the Property Control Division of the General Services Department for the purpose of acquiring land and planning, designing, constructing and equipping the state laboratory facility in Bernalillo County.

FISCAL IMPLICATIONS

The SFC substitute reduces general fund revenues by \$360 thousand due to the increase in the distribution of \$30 thousand per month from gross receipts taxes. This increase should be sufficient to cover the additional debt authorized but a more complete financial analysis is necessary to confirm.

The State Building Bond Act authorizes the New Mexico Finance Authority to issue office building revenue bonds in an amount not to exceed \$100 million for specific projects authorized by the Legislature. The bonds are secured by a \$530,000 monthly distribution of state gross receipt taxes.

According to the New Mexico Finance Authority, approximately \$58.2 million of the authorized bond issuance has been made for the purchase of the Public Employees Retirement Association building, the National Education Association building, the acquisition of property on Cerrillos Road in Santa Fe, and for construction of the west capitol complex. The remaining authorized office revenue bond capacity is \$31.8 million for the state laboratory services building in Albuquerque and a capitol campus parking structure in Santa Fe and for the development of a master plan for all state properties.

The appropriations of \$17 million contained in this bill are non-recurring expense to the general fund (\$1 million), property control reserve fund (\$1.5 million), and public buildings repair fund (\$3.5 million). Any unexpended or unencumbered balance remaining at the end of fiscal year 20011 shall revert to the general fund. The authorization of \$11 million is a non-recurring expense to severance tax bond capacity. Any unexpended or unencumbered balance remaining at the end of fiscal year 1012 shall revert to the severance tax bonding fund.

It should be noted that the general fund and severance tax bond capacity fund authorized for the planning of the crime laboratory building and state laboratory services building in this bill are within the non-recurring balances available for fiscal year 2007.

SIGNIFICANT ISSUES

The Capitol Buildings Planning Commission (CBPC) was created in 1997 for the purpose of studying and planning for long-range facility needs of state government within the Santa Fe locale and was made responsible for continue to update the master plan and report annually to the Legislature. In 2002, the CBPC authority was extended to include the Albuquerque locale in the overall master plan. This bill would expand the CBPC authority to include master planning for the greater metropolitan areas of Las Cruces.

To date, the Legislature has appropriated or authorized bonds in the amount of \$59.9 million for plan, design, and construction of the laboratory services building in Albuquerque which is expected to cost \$90 million for an 185,000 square foot facility. According to the Property Control Division, an additional \$30 million is needed for the project, of which \$21 million is needed to start construction of the laboratory facility. The other \$9 million is needed for taxes, LEED certification, site and utility improvements, informational technology and security, furniture and moving costs. The PCD indicates the cost per square foot is in line with the experience of other public health laboratories in other states. Inasmuch as the construction phase is expected to go to bid in September 2007, it is critical that the \$21 million needed for construction be appropriated this session. The remainder could wait until the 2008 Session.