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FISCAL IMPACT REPORT

ORIGINAL DATE 1/18/08

SPONSOR Moore LAST UPDATED 1/28/08 HB 60a/HTRC

SHORT TITLE Public Improvement District Elections & Taxes SB _____

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of House Taxation and Revenue Committee Amendment

On page 5, line 3, after “manager”, insert “or member”.

On page 5, line 4, after “company”, insert “holding record title to land within the district who has been authorized to represent the company”.

On page 10, line 3, after “the”, strike the rest of the line and strike lines 4 through 10 in their entirety and insert in lieu thereof “qualified resident electors and owners of the district.”

Synopsis of Original Bill

House Bill 60 Relating to Local Government; Amending Section of the Public Improvement District Act. HB 60 amends sections of the Public Improvement District Act to provide for owners and resident to elect a district board and to provide for limitation of property tax levies to pay debt service on bonds.

FISCAL IMPLICATIONS

None

SIGNIFICANT ISSUES

HB 60 amends the Public Improvement District Act (Sections 5-11-1 through 5-11-27) to: (1) include managers of a limited liability company in the definition of “owner” of real property in the district; (2) allow both residents and owners to vote in an election for new directors of public improvement districts, (3) mandate that each owner have the number of votes or portion of votes equal to the number of acres or portion of acres rounded upward to the nearest one-fifth of an acre owned by that owner; (4) include “resident qualified voters”¹ in the group of citizens that is allowed to vote in elections for new directors; (5) require the conduct of a board of directors election to meet requirements of Section 5-11-7 (Notice and Conduct of Election; Waiver); (6) although current law does not require the issuance of bonds under the Public Improvement District Act to comply with the requirements of any other law applicable to the issuance of bonds, HB 60 does require compliance with the Public Securities Limitation of Action Act.; and (7) in Section 5-11-9A., requires districts, when conducting elections for the purpose of authorizing general obligation bonds, to ask voters to approve voters to authorize property taxes to pay debt service on the bonds.

TECHNICAL ISSUES

The Taxation and Revenue Department noted that 1) the draft legislation appears to incorrectly list “majority of residents of the district.” in Section 5-11-9.C as “majority vote of the residents”. 2) Intent of including “resident qualified electors” in the group allowed to vote in district elections while simultaneously allowing “residents” is unclear. The legislation should probably say, on line 3, p. 10: “majority vote of the resident qualified electors”. 3) Line 3, p.5, “or a member” be added – not all LLCs have managers.

WEP/mt:bb

¹ Defined as a person who resides within the boundaries of a district or proposed district who is qualified to vote in the general election held in the state.