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FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/08
 SPONSOR Varela LAST UPDATED 2/01/08 HB 172/aHAFC
 SHORT TITLE Public Project Revolving Fund Projects SB _____
 ANALYST Kehoe, L.

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
NFI	NFI		Public Project Revolving Loan Fund (See narrative)

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)
 Public Education Department (PED)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriation and Finance Committee amendment items 1 through 25 remove the words “teachorage projects” from the requested legislative authorization for financial assistance from the New Mexico Finance Authority (NMFA). Item 26 adds 28 additional requests from various governmental entities for financial assistance from NMFA.

Synopsis of Original Bill

House Bill 172 authorizes the New Mexico Finance Authority (NMFA) to make loans to qualified entities for 62 public projects statewide from the Public Project Revolving Fund (PPRF)

Section 1, describes the 62 projects and qualified entities requesting legislative authority to make loans from PPRF.

Section 2, voids legislative authorization if a qualified entity does not notify NMFA by the end of fiscal year 2010 of its desire to continue to pursue a loan from PPRF.

Section 3, contains an emergency clause.

FISCAL IMPLICATIONS

House Bill 172 does not appropriate funds; however, loans made in the interim as a result of passage of this bill would result in reducing the current loan capacity of PPRF. To date, NMFA has made 619 loans totaling approximately \$1 billion from PPRF.

The PPRF was created in 1992 to provide low-cost financing for capital projects with a useful life of three or more years. Legislative authorization provided by House Bill 172 does not guarantee the projects will receive a loan. Loans are only made to those entities with a sufficient source of funds for repayment of the loan and other financial criteria established by NMFA.

SIGNIFICANT ISSUES

The New Mexico Finance Authority (NMFA) was created as a governmental instrumentality in 1992 to coordinate and facilitate the planning and financing of state and local capital projects in New Mexico. As a non-governmental entity, NMFA is able to utilize financing mechanisms to leverage and maximize the state's capital investments in state and local projects. The Authority partners with local government entities, state agencies, legislators, legislators, repeat borrowers and financial advisors to carry out their mission while at the same time sustaining the capacity of loan programs NMFA administers.

A significant source of capital for infrastructure projects administered by NMFA is derived from an annual distribution of 75% of the state's Governmental Gross Receipts Tax (GGRT), approximately \$19 million annually. In addition to GGRT, NMFA raises capital through the issuance of tax-exempt pooled bonds and direct loan repayments.

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