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FISCAL IMPACT REPORT

SPONSOR Papen ORIGINAL DATE 1/19/08
LAST UPDATED _____ HB _____
SHORT TITLE Local Government Planning Fund SB 65
ANALYST Kehoe, L.

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
\$1,000.0		Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

Senate Bill 65 appropriates \$1 million from the general fund to the local government planning fund for the purpose of providing planning funds for water or wastewater system development, long-term water management, water conservation strategies, or economic development.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

The bill contains an emergency clause.

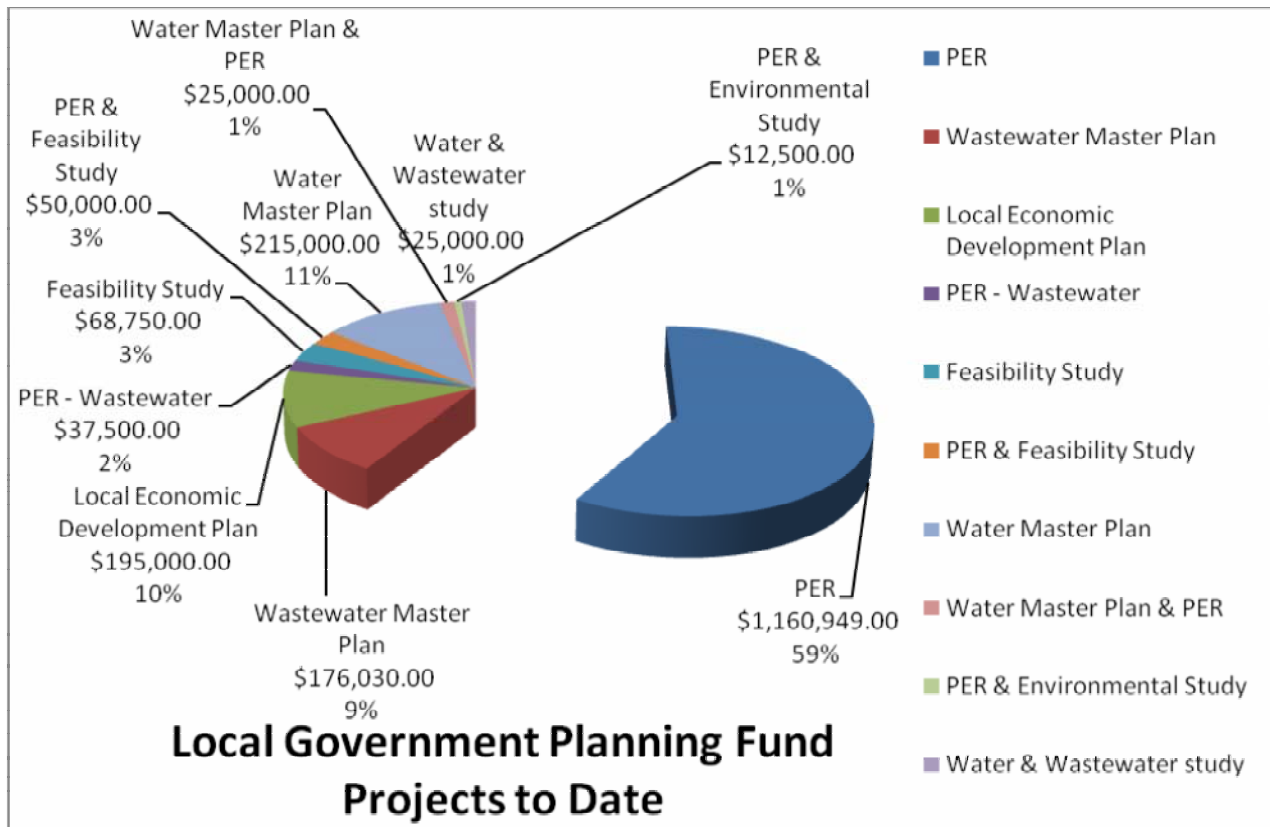
SIGNIFICANT ISSUES

The Legislature created the water and wastewater planning fund in 2002 to provide grants for qualified entities to plan and estimate the costs of implementing the most cost effective means to meet water and wastewater public project needs and to assist in paying for the administrative costs of the program. In 2005, the Legislature changed the name to the local government

planning fund and expanded the scope to allow planning grants for water conservation, long-term master plans, and economic development plans. Grants from the fund do not require legislative authorization. In accordance with statute, NMFA issued \$1 million in revenue bonds to capitalize the grant fund, and the Legislature appropriated \$1 million to the fund in 2003. As of June 30, 2007, NMFA has made 39 grants totaling \$907 thousand from the fund.

The maximum allowable grant amount per project is \$50 thousand. Qualified entities are required to reimburse the local government planning fund without interest or fees. However, if the project is financed through the NMFA, the repayment provision is waived.

As provided by NMFA, the following chart demonstrates the type of planning grants administered to date:



LMK/mt