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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/08
 SPONSOR Rainaldi LAST UPDATED 2/12/08 HB _____
 SHORT TITLE Alternate Capital Outlay Fiscal Agent SB 489
 ANALYST Cox/Baca

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

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

Senate Bill 489 relates to capital outlay; providing for an alternate fiscal agent.

Senate Bill 489 amends section 6-21-6.12 of the local government transportation fund to allow the authority to issue payment to the federal department of transportation, acting as the fiscal agent for the local government. Local government means municipality acting within its planning and platting jurisdiction, a county or an Indian nation, tribe or pueblo.

This bill DECLARES AN EMERGENCY. It will take effect upon the Governor's signature.

SIGNIFICANT ISSUES

NMDOT comments that:

This bill allows the NMDOT and the New Mexico Finance Authority (NMFA) to distribute payments from the local government transportation fund (LGTF) to the federal Department of Transportation (USDOT) on behalf of certain local governments. The LGTF was created in House Bill 2 of the 2007 First Special Session and funded from the sale of severance tax bonds. This legislation and funding is commonly referred to as the

GRIP 2 program. Distributions are made to the local governments whose projects are listed in HB2.

A problem arose when the NMDOT and the NMFA attempted to distribute funding for a project approved for the Ramah Chapter of the Navajo Nation. Under Navajo Nation law, the Chapter was not allowed to enter into a Joint Powers Agreement with the State of New Mexico without tribal council authorization, which is a lengthy difficult process. However, the Navajo Nation has given the Chapter authority to enter into similar agreements with agencies of the USDOT. In addition, state law allows NMDOT to enter into agreements with federal agencies. In short, SB 489 allows NMDOT and the NMFA to comply with the mandate in the original HB 2 to distribute funding for the project submitted by Ramah.

NMFA states:

Under the provisions of H.B. No. 2, Ch. 3, Section 4, paragraph 13, \$2,925,000 has been appropriated to Ramah chapter of the Navajo Nation in Cibola County for the acquisition of rights of way, planning, design and construction of roadway drainage and paving improvements for reconstruction and rehabilitation of roads within the Ramah chapter.

The state to contract directly with the federal highway administration of the department of transportation on behalf of Ramah chapter, thus allowing it to act as fiscal agent for Ramah chapter.

POSSIBLE QUESTIONS

What will the federal Department of Transportation charge for acting as an alternative fiscal agent?

PRC:LB/nt:bb