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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/08

SPONSOR Ingle LAST UPDATED _____ HB _____

SHORT TITLE Capital Buildings Planning Commission Duties SB 509/aSFL #1

ANALYST Propst/Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$250.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
General Services Department (GSD)

SUMMARY

Synopsis of SFL #1 Amendment

The Senate Floor Amendment strikes “making an appropriation” in the title of the bill and strikes Section 3, the appropriating provision, in its entirety.

Synopsis of Original Bill

Senate Bill 509, Relating to Financing of State Facilities, appropriates \$250.0 thousand from the general fund to the Legislative Council Service (LCS) to develop a long-term statewide strategic facility management plan and other duties.

FISCAL IMPLICATIONS

The appropriation of \$250.0 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

SIGNIFICANT ISSUES

According to GSD, SB 509 amends Section 15-10-1 NMSA 1978 to add to the duties of the Capitol Buildings Planning Commission (CBPC) the following:

- Review proposed lease-purchase agreements pursuant to Section 15-10-2 NMSA 1978
- Develop a long-term statewide strategic facility management plan after considering various factors. The plan will be coordinated with the General Services Department (GSD), the New Mexico Finance Authority (NMFA), and other state agencies to support and provide data for the plan.
- Determine the deferred maintenance liability for existing state facilities in order to keep them functional.
- Using life-cycle cost methodology, recommend if the state should lease, lease-purchase, or purchase additional facilities.
- Develop a strategy for disposal of aging facilities that have exceeded their useful life.

The bill adds a requirement for notification to the CBPC of any anticipated lease-purchase agreement by a state agency, and establishes criteria for review of lease-purchase agreements by the CBPC:

- If total lease revenues exceed \$5 million; or
- If the CBPC selects the lease-purchase agreement for review pursuant to criteria adopted by the commission.

The bill requires that a determination be made by the CBPC before any lease-purchase agreement can be submitted to the legislature for ratification and approval:

- That the property and lease term are sufficient to meet the needs of the occupying agency;
- That payments under the lease-purchase agreement are sufficient to acquire ownership of the property at the end of the lease;
- That the agreement contains an appropriations clause allowing for termination of the agreement if there is not sufficient appropriations available to meet lease payments;
- That the lease-purchase agreement is the most cost-effective means of acquiring needed property.

The bill defines terms and appropriates \$250.0 thousand from the general fund to the Legislative Council Service (LCS) to develop a long-term statewide strategic facility management plan and other duties. Funds are to be expended in FY09, and revert to the GF at the end of FY09.

SB 509 establishes criteria and review of proposed lease-purchase agreements by the CBPC. This will avoid the potential misuse of this financing mechanism to acquire real property or facilities and ensure that a proposed lease-purchase meets basic user needs and conforms with planning requirements.

GSD also notes that:

- This expansion of the duties of the CBPC moves the State of New Mexico toward having an oversight commission that can review, direct, and approve facility needs throughout the state.
- Recognizes the fact that deferred maintenance exists on current facilities, and directs the commission to determine the total dollar amount.
- Establishes essential criteria for the review and use of lease-purchase agreements that will assure proper use of this financing mechanism, and that the state receives the best value under these agreements.

WEP/mt:bb