

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 2/27/09
LAST UPDATED 3/20/09 **HB** 76/aHBIC/aHTRC/aSFC

SPONSOR Varela

SHORT TITLE NMFA Public Project Fund Loans **SB** _____

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
NFI	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

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment provides the following:

Item 1 strikes the House Taxation and Revenue Committee amendment Item 5.

Item 2 provides authority to NMFA to make loans from PPRF for 40 additional projects statewide.

Item 3 provides for Section 2 directing NMFA to adopt rules governing the terms and conditions, criteria, and eligibility for determining loans made from PPRF to charter schools. The rules promulgated by NMFA must provide criteria for determining charter school eligibility for funding, and require that the Public Education Department certify that a charter school is approved for funding through PPRF and that the charter school has met accountability standards. The provision also authorizes the NMFA to consider loans from PPRF for charter schools in Bernalillo County, Santa Fe County, and Socorro County.

Synopsis of HBIC Amendment

The House Taxation and Revenue Committee amendment provides as follows:

Item 1 strikes House Business and Industry Committee amendments 4, 5 and 11; the amendment reinstates the board of regents at New Mexico State University as the eligibility entity for consideration of a loan from the Public Project Revolving Loan Fund (PPRF) rather than the “Arrowhead center,” and provides for a technical amendment.

Item 2 broadens the authority to include “water rights” for a loan from PPRF to the City of Las Vegas in San Miguel.

Item 3 broadens the authority to include “water and wastewater” infrastructure for a loan from PPRF to San Miguel County.

Item 4 expands the authority for the loan from PPRF to the Board of Regents at New Mexico Highlands University for land acquisition and equipment, building, infrastructure, refinance and purchase of projects in San Miguel County to include Santa Fe County.

Item 5 provides authority to NMFA to make loans from PPRF for 78 additional projects statewide.

Item 5 further provides for a new section directing NMFA to adopt rules governing the terms and conditions, criteria, and eligibility for determining loans made from PPRF to charter schools. The rules promulgated by NMFA must provide criteria for determining charter school eligibility for funding, and require that the Public Education Department certify that a charter school is approved for funding through PPRF and that the charter school has met accountability standards. The provision also authorizes the NMFA to consider loans from PPRF for five (5) charter schools in Bernalillo County, two charter schools in Santa Fe County, and one charter school in Socorro County.

Synopsis of HBIC Amendment

The House Business and Industry Committee amendment provides the following:

Item 1 omits “charter schools” from receiving authority for a loan from the public Public Project Revolving Fund (PPRF).

Items 2 thru 5 provide technical changes to the bill.

Item 6 expands the authority for a loan from PPRF to include “solid waste” to the town of Clayton in Union County.

Item 7 thru 10 provide technical changes to the bill.

Item 11 provides authority to NMFA to make loans to for 78 additional projects statewide, and voids the request for authorization for San Miguel County for water, wastewater, road, building, equipment, refinance and infrastructure projects in San Miguel County.

Item 12 extends from the time from 2010 to 2012 by which the qualified entity must notify NMFA of its intention to pursue a loan from PPRF.

Synopsis of Original Bill

House Bill 76 authorizes the New Mexico Finance Authority (NMFA) to make loans to qualified state, local and political subdivision entities for 56 public projects statewide from the Public Project Revolving Fund (PPRF)

Section 1, subsection 1 thru 56 describes 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 76 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. A significant source of capital for infrastructure loans administered by NMFA is derived from an annual distribution of 75% of the state's Governmental Gross Receipts Tax (GGRT), approximately \$30 million in FY09. In addition to GGRT, NMFA raises capital through the issuance of tax-exempt pooled bonds and direct loan repayments.

As of June 30, 2007, NMFA has made 619 loans totaling approximately \$1.1 billion from PPRF which includes the refunding of the Metropolitan Court Bonds and the State Office Building Bonds.

Legislative authorization provided by House Bill 76 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.