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FISCAL IMPACT REPORT

ORIGINAL DATE 02/18/09

SPONSOR Lundstrom LAST UPDATED _____ HB 734

SHORT TITLE Local Gov't Transportation Fund Uses SB _____

ANALYST Moser

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 734 amends 6-21-6.12 NMSA 1978T regarding the uses of the Local Government Transportation Fund, and in particular, by allowing, subject to legislation, the use of the earnings from investing the Fund to be used for payment of project costs as well as administrative costs associated with the Fund and the payment of engineering costs.

FISCAL IMPLICATIONS

There will be no fiscal impact on the Local Government Transportation Fund. Since the use of the earnings on the Fund is subject to appropriation by the legislation and legislation can only appropriate what earnings are available, there is no impact on the Fund.

SIGNIFICANT ISSUES

NMDOT indicates that House Bill 734 would allow earnings from the Local Government Transportation fund to be applied to projects facing shortfalls or potentially provide the ability to fund other eligible projects. The investment earnings must still be appropriated to the Department each year, but the funds may only be used for projects authorized under the Act.

NMFA indicates that the Local Government Transportation Fund (the “Fund”) is a fund created within the NMFA which consists of general fund appropriations and severance tax bond proceeds appropriated to the Fund for distribution to local governments for projects specifically authorized by the legislature. NMFA, acting as fiscal agent for the local government, shall issue payment to the local government named in the project application and certification or to the federal department of transportation.

Earnings from the investment of the Fund are subject to appropriation by the legislature to NMDOT to be used to pay administrative costs associated with the fund, including the payment for engineering costs outlined above, as well as now, for the payment of project costs.

Distributions from the Fund shall be made pursuant to the following:

1. Projects shall be funded in the order that a completed application from a local government is received if the application shows, to the satisfaction of the NMDOT, that the Project is ready to proceed and that the local government has, or will timely have, the required match for the distribution;
2. Distributions from the Fund shall be used to pay no more than the State’s portion of the total cost necessary to develop and construct the project presented in the approved application;
3. To qualify for funding, a local government shall apply for funding through the NMDOT’s regional or metropolitan planning organizations;
4. A local government shall show, to the satisfaction of NMDOT, that it will match the distribution from the Local Government Transportation Fund in the following amounts:
 - a. For a project with a total cost of less than \$500 hundred thousand dollars, the local government shall contribute ten percent of the total project costs;
 - b. For a project with a total cost of \$500 thousand or greater, but less than or equal to \$1 million the local government shall contribute twenty percent of the total project costs;
 - c. For a project with a total cost of greater than \$1million, but less than or equal to \$6 million, the local government shall contribute thirty-five percent of the total project costs; and
 - d. For a project with a total project cost of greater than \$6 million, the local government shall contribute forty-five percent of the total project costs.
5. In determining the sufficiency of a local government’s matching contribution, NMDOT shall consider actual funds, in-kind contributions, preconstruction design and development costs and other related expenditures made in the furtherance of the project. Matching fund sources may be any money available to the local government for the project, including:
 - a. Grants or loans by NMFA from the Local Transportation Infrastructure Fund,
 - b. Appropriations from the Local Government Road Fund,
 - c. Community Development Block Grants, and
 - d. Any available federal funds.

The Fund may also distribute up to \$500 thousand for costs expended by the NMDOT for engineering and design services to develop projects funded with distributions from the Fund without a required local match. These expenditures would be outside of the requirements set for local government project funding outlined above.