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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/02/09

SPONSOR M. J. Garcia LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Local Government Planning Fund SB 23

ANALYST Kehoe

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
\$2,000.0		Non-Recurring	Public Project Revolving Loan Fund (See Narrative)

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Finance Authority (NMFA)  
 Department of Finance and Administration (DFA)  
 New Mexico Environment Department (NMED)  
 New Mexico Association of Counties

### SUMMARY

#### Synopsis of Bill

Senate Bill 23 appropriates \$2 million from the public project revolving fund to the local government planning fund administered by the New Mexico Finance Authority (NMFA) for the purpose of funding local government planning for water or wastewater system development, economic development or long-term water management and water conservation strategies.

### FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill does not impact the general fund. The proposed funds would be appropriated from the public project revolving fund to the local government planning fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the public project revolving fund.

## SIGNIFICANT ISSUES

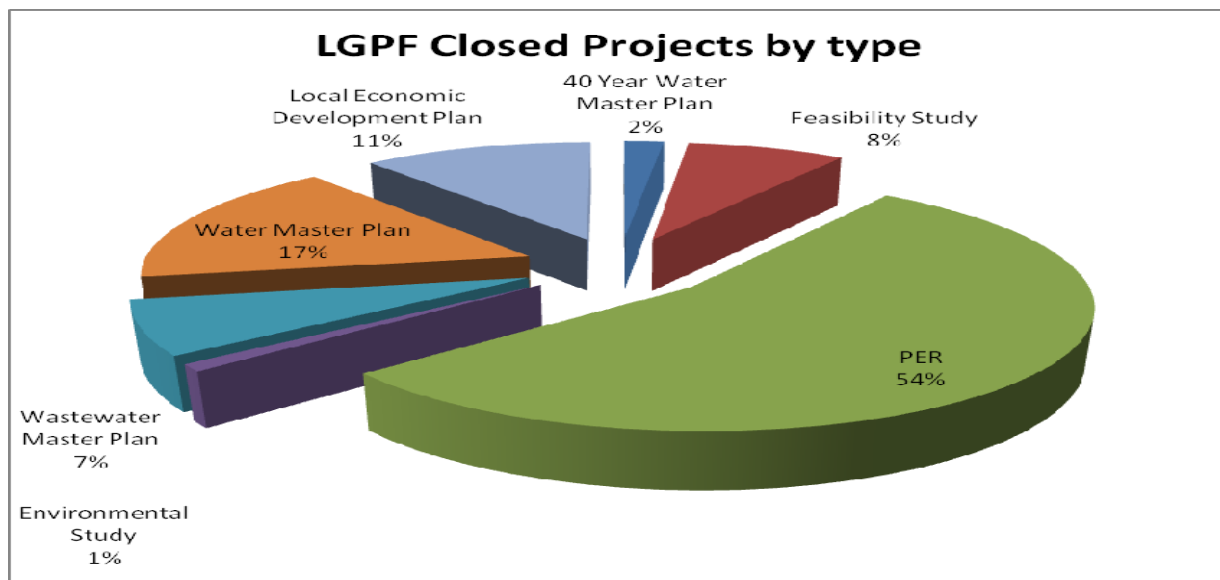
The Legislature created the water and wastewater planning fund in 2002 to provide grants for qualified entities to plan and estimate the costs of implementing the most cost effect and means to meet water and wastewater public project needs and to assist in paying for the administrative costs of the program. 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. 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.

The NMFA administer the fund and may make grants to qualified entities for a maximum amount of \$50,000 based on a sliding scale of an entity’s median household income and local burden ratio. Grants from the fund do not require legislative authorization.

To date, NMFA has closed 55 projects totaling approximately \$1.3 million from the local government planning fund. An additional 49 projects totaling \$1.2 million have been approved by the NMFA Board, but are awaiting engineering evaluation of their system o determine operational status and areas needing improvement.

## OTHER SUBSTANTIVE ISSUES

As provided by NMFA, the following chart illustrates the type of projects applied for and closed by percentage:



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