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FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/12
 LAST UPDATED 02/10/12 **HB** _____

SPONSOR Ingle

SHORT TITLE State Facility 5-Year Facility Master Plans **SB** 83

ANALYST Hanika-Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
\$3,300.0		Nonrecurring	Severance Tax Bond Capacity

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)
 New Mexico Corrections Department (NMCD)
 Human Services Department (HSD)
 Department of Cultural Affairs (DCA)

SUMMARY

Synopsis of Bill

Senate Bill 83 requires the Property Control Division (PCD) and Department of Finance and Administration (DFA) to jointly prepare and annually update a five-year plan of state capital improvement projects by November of each year. The program shall prioritize projects with respect to need and further classify projects into those with planning and design completed ready for construction funding, and those that require initial planning and design funding.

The bill requires state agencies to update their master plans by July of each year, with PCD providing guidelines and technical assistance. Guidelines will include 1) developing maintenance plans, 2) how to prioritize projects, 3) standards for space use, 4) standards for energy efficiency, and 5) how to determine true life-cycle costs that include utilities and maintenance.

The bill amends PCD enabling legislation to include regulation of lease-purchase by state executive agencies, except the land office.

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The bill authorizes issuance of short-term severance tax bonds (STB's) by the Board of Finance (BOF) for up to \$3.3 million; \$2.3 million to conduct a facility condition assessment of state buildings and \$1 million to support facilities master planning with state agencies.

The bill exempts certain agencies from its provisions.

The bill has an emergency clause.

FISCAL IMPLICATIONS

The bill provides for up to \$2.3 million in STB's to the capital program fund to conduct a facility condition assessment of state buildings and \$1 million in STB's to the PCD to work with agencies on developing five-year facilities master plans and annual updates.

The bill provides that the BOF *may* issue and sell STB's when PCD certifies the need for the issuance of the bonds. However, Section 7-27-12 NMSA 1978 provides that the BOF *shall* issue and sell all severance tax bonds when authorized to do so by any law that sets out the amount of the issue and the recipient of the money. The BOF does not have the discretion to deny the request.

The bill does not provide an additional funding stream to support annual updates of agency master plans.

SIGNIFICANT ISSUES

The bill would enable the state to get a comprehensive look at the condition of all state-owned buildings in order to better plan for capital outlay needs statewide.

The bill extends the regulation of lease-purchases by the PCD to all state-owned buildings, except the land office. There may be merit to the state entering into a long-term lease-purchase arrangement that leaves the state with an asset at the expiration of the lease.

ADMINISTRATIVE IMPLICATIONS

The additional administrative burden to update master plans yearly will need to be completed within existing staff and resources.

OTHER SUBSTANTIVE ISSUES

The last state facility condition assessment was performed about 6 six years ago.

Most agencies lack sufficient in-house expertise to develop and update master plans that include the future impact of utility increases and preventative maintenance on operational costs.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

No modification to the current capital outlay submission process.

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