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FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/13

SPONSOR Beffort LAST UPDATED _____ HB _____

SHORT TITLE Local Government Planning Fund SB 54

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	(\$2,000.0)	Nonrecurring	Public Project Revolving Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	\$2,000.0		Nonrecurring	Local Government Planning Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

Senate Bill 54 appropriates \$2 million from the public project revolving fund to the local government planning fund for the purpose of funding local government planning for water infrastructure, for development of water conservation plans, for long-term master plans or energy audits, and for the administrative costs of the local government planning program. The effective date of the bill is July 1, 2013.

FISCAL IMPLICATIONS

The local government planning fund (LGPF) is capitalized by funds authorized by the Legislature from the public project revolving fund (PPRF). Any unexpended funds do not revert to the PPRF.

The New Mexico Finance Authority (NMFA) administers the LGPF and may make grants to qualified entities for a maximum amount of \$50,000 for planning documents. Entities are allowed more than one planning grant, but cannot exceed more than \$100,000 in a 24-month period. According to NMFA policy, additional consideration may be given to severely disadvantaged entities seeking funds for environmental informational documents for drinking water as may be required for federal funding consideration.

The NMFA reimburses direct costs to the Construction Program Bureau of the New Mexico Environment Department for the technical review and the recommendations of approval of planning documents related to water and wastewater infrastructure.

SIGNIFICANT ISSUES

The Legislature in 2002 created the water and wastewater planning fund to provide grants to qualified entities to plan and estimate the costs of implementing the most cost effective 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 2012, the Legislature amended the statute to include planning for infrastructure and energy audits. Grants from the fund do not require legislative authorization.

To date, the NMFA has closed 92 projects totaling more than \$2.5 million from the LGPF. An additional 31 projects totaling approximately \$1.3 million have been approved by the NMFA Board for which planning documents are currently underway.

TECHNICAL ISSUES

Current statute, Section 6-21-6.4 (C), NMSA 1978, as amended, allows funding for planning economic development projects. Section 1 of Senate Bill 54 eliminates “economic development” plans.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

According to NMFA, there is a high demand for planning funds to address critical needs to address federal violations relating to safe drinking water, waste water, and other water-related health issues. The LGPF currently has limited funds for planning purposes.