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FISCAL IMPACT REPORT

ORIGINAL DATE 2/12/15
SPONSOR Cook **LAST UPDATED** _____ **HB** 288

SHORT TITLE Value of Land Leased or Sold by Cities **SB** _____

ANALYST Malone

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	Minimal fiscal impact	Recurring	Various Municipalities

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Municipal League (NMML)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 288 amends Section 3-54-1 NMSA 1978 to increase the value of a municipal utility or real property that may be sold or leased without seeking the electorate's approval by referendum to \$250 thousand. Under current law, municipalities may lease or sell these properties without referendum up to a value of \$25 thousand.

The bill also amends Section 3-54-2 to allow municipalities to sell personal property for cash at public or private sale without notice where it is shown to the governing body that such property value does not exceed \$25 thousand; the current limit in statute is \$2,000. If the value of the personal property is more than \$25 thousand a notice of sale must be provided at least twice, not seven days apart and no less than 14 days prior to the sale.

The effective date of this bill is June 19, 2015.

FISCAL IMPLICATIONS

This legislation would reduce the costs associated with running an election to seek voter

approval of the sale or lease of a municipal utility or real property.

SIGNIFICANT ISSUES

DFA notes that most municipalities do not go forth with a referendum, instead most entities will have to submit an ordinance for government body approval potentially causing additional timing restraints for such sales and leases.

By increasing the value limits from \$25 thousand to \$250 thousand, municipalities will be able to dispose through lease, sale, or exchange municipal utilities or real property directly and timely by not being required to acquire referendum approval.

The threshold amounts have not been adjusted since 1999 and it may be reasonable to increase them, at least somewhat, due to inflation.

OTHER SUBSTANTIVE ISSUES

The New Mexico Municipal League membership at its' annual conference adopted a resolution endorsing an increase in the monetary thresholds for the sale and lease of property.

ALTERNATIVES

DFA observes that the bill proposes increasing thresholds tenfold, while inflation alone may justify something closer to doubling, and suggests that language could be added to the bill indicating that the limit should be reviewed periodically due to inflation.

CEM/aml