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FISCAL IMPACT REPORT

SPONSOR	<u>SFC</u>	ORIGINAL DATE	03/10/15	
		LAST UPDATED	03/12/15	HB
SHORT TITLE	<u>Capital Outlay Reauthorizations</u>	SB	<u>291/SFCS/aSFC</u>	
		ANALYST	<u>Kehoe/Snyder</u>	

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
NFI	NFI	Nonrecurring	See Fiscal Narrative

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Finance Committee Substitute for Senate Bill 291 strikes 14 sections of the bill totaling \$3 million for various projects statewide (see attached), renumbers the sections to conform to the amended sections, and inserts in lieu thereof the following three reauthorizations totaling \$3 million:

"SECTION 81. HUMAN SERVICES DEPARTMENT LOS LUNAS DRUG AND SUBSTANCE ABUSE TREATMENT FACILITY--CHANGE TO CORRECTIONS DEPARTMENT WOMEN'S TRANSITIONAL LIVING FACILITIES INITIATIVE IN VALENCIA COUNTY RENOVATIONS AND IMPROVEMENTS--SEVERANCE TAX BONDS.--One million five hundred thousand dollars (\$1,500,000) of the unexpended balance of the appropriation to the capital program fund originally authorized in Subsection 10 of Section 5 of Chapter 64 of Laws 2012 and for which the certification time was extended in Laws 2014, Chapter 64, Section 60 for the human services department drug and substance abuse treatment facility in Los Lunas in Valencia county shall not be expended for the original purpose but is changed to plan, design, construct, improve, repair, replace, furnish, landscape and upgrade building systems, grounds, facilities and infrastructure, including energy efficiency improvements, electrical systems, fire alarms, heating, ventilation and air conditioning, interior finishes, fencing, security, current accessibility code compliance and the purchase and installation of related equipment and information technology, for the corrections department women's transitional living facilities in Valencia county.

SECTION 82. HUMAN SERVICES DEPARTMENT LOS LUNAS DRUG AND SUBSTANCE ABUSE TREATMENT FACILITY--CHANGE TO VALENCIA COUNTY CRISIS TRIAGE CENTER FACILITY--EXTEND TIME--SEVERANCE TAX BONDS.—The unexpended balance of the appropriation to the capital program fund in Subsection 17 of Section 9 of Chapter 226 of Laws 2013 for a drug and substance abuse treatment facility in Los Lunas in Valencia county shall not be expended for the original purpose but is changed to purchase, plan, design, construct, renovate, repair, furnish and equip a crisis triage center facility in Valencia county. The time of expenditure is extended through fiscal year 2018.

SECTION 83. HUMAN SERVICES DEPARTMENT LOS LUNAS DRUG AND SUBSTANCE ABUSE TREATMENT FACILITY--CHANGE TO VALENCIA COUNTY CRISIS TRIAGE CENTER FACILITY--SEVERANCE TAX BONDS.--Five hundred thousand dollars (\$500,000) of the unexpended balance of the appropriation to the capital program fund originally authorized in Subsection 10 of Section 5 of Chapter 64 of Laws 2012 and for which the certification time was extended in Laws 2014, Chapter 64, Section 60 for the human services department drug and substance abuse treatment facility in Los Lunas in Valencia county shall not be expended for the original purpose but is changed to purchase, plan, design, construct, renovate, repair, furnish and equip a crisis triage center facility in Valencia county.".

The bill now contains 81 projects funded in previous years—14 submitted for executive agencies, 35 for House local projects, and 32 for Senate local projects.

Synopsis of SFC Committee Substitute

The Senate Finance Committee Substitute for Senate Bill 291 reauthorizes 92 projects funded in previous years—11 submitted for executive agencies, 35 for House local projects, and 46 for Senate local projects. The reauthorization of the capital outlay projects range from changing the administering agency or the original purpose of the project, extending the reversion date, or expanding the purpose of the original project. The bill contains an emergency clause.

FISCAL IMPLICATIONS

The reauthorizations contained in this bill are a non-recurring expense to the severance tax bond fund, general fund, and other state funds. Any unexpended balances remaining at the end of the fiscal year as designated in the bill shall revert to the originating funding source three months after the reversion date.

Section 2(C) of the bill provides that the balance of appropriations made from the general fund or other state funds to the Indian Affairs Department or the Aging and Long-Term Services Department for a project located on lands of an Indian nation, tribe, or pueblo shall revert to the tribal infrastructure project fund.

In compliance with the Severance Tax Bonding Act, the State Board of Finance (BOF) is authorized to issue and sell STB in an amount not to exceed the total amounts reauthorized for purposes specified in this bill. The BOF must also comply with the Internal Revenue Code of 1986, as amended. The agencies named in this bill shall certify to the BOF when the money from the proceeds of the severance tax bonds reauthorized in the bill is needed for the purposes specified in the applicable section of the bill. Before an agency certifies for issuance of the bonds, the project must be developed sufficiently so that the agency reasonably expects to:

1) Incur within six months after the applicable bonds have been issued a substantial binding obligation to a third party to expend at least five percent of the bond proceeds for the project; and

2) Spend at least eighty-five percent of the bond proceeds within three years after the applicable bonds have been issued.

For the purpose of the reauthorizations of unexpended balances contained in this bill, “unexpended balance” is defined as the remainder of an appropriation after reserving for unpaid costs and expenses covered by binding written obligations to third parties. If an agency has not certified the readiness for STB proceeds by the end of fiscal year 2018, the reauthorization is void.

SIGNIFICANT ISSUES

The New Mexico Department of Transportation indicates a reauthorization within the bill allows for the purchase of additional right-of-way for the Paseo del Volcan corridor. The NMDOT district currently has approximately \$1 million programmed in 2017 for the purchase of right-of-way for this corridor, but is not currently included in the State Transportation Improvement Program (STIP) for the design or construction of Paseo del Volcan. NMDOT indicates the development within the Paseo del Volcan corridor as proposed by the reauthorization could cost an estimated \$91.2 million.

OTHER SUBSTANTIVE ISSUES

The Capital Outlay Bureau (COB) of the State Budget Division of the Department of Finance and Administration (DFA) is responsible for the operation and maintenance of the Capital Project Monitoring System (CPMS). Quarterly reports are generated from CPMS demonstrating the year and amount of an appropriation, expenditures, encumbrances, and balances for all active capital projects including reauthorizations.

LMK/je/bb

The SFC amendment deletes Sections 7, 11, 20, 38, 52, 53, 54, 67, 75, 89, 91, 92, 93, and 94 totaling \$3 million for the following projects:

BERN CO SWEDE SCHOLER REG REC COMPLEX

Seventy-five thousand dollars (\$75,000) to the local government division to plan, design, improve, construct and equip fields at the Swede Scholer regional recreational complex in Bernalillo county.

UNM BASEBALL FACILITY IMPROVE

Twenty-five thousand dollars (\$25,000) to the board of regents of the university of New Mexico to plan, design, equip and make improvements to the baseball facility at the university of New Mexico in Albuquerque in Bernalillo county.

CIBOLA SENIOR CTR IMPROVE

Three hundred eighteen thousand dollars (\$318,000) to the aging and long-term services department to renovate, equip, furnish and make improvements to the Cibola senior center in Cibola county.

COYOTE CANYON CHP SENIOR CTR MEALS EQUIP

Thirty thousand dollars (\$30,000) to the aging and long-term services department to purchase and install meals equipment at the senior center in the Coyote Canyon chapter of the Navajo Nation in McKinley county.

TRUCHAS SENIOR CENTER DINING FACILITY

Two hundred ten thousand dollars (\$210,000) to the aging and long-term services department to plan, design, construct and expand the dining room facility at the Truchas senior center in Rio Arriba county.

CHAMA SENIOR CTR MEAL DELIVERY VEHICLE

Forty-one thousand five hundred dollars (\$41,500) to the aging and long-term services department to purchase hot meal delivery vehicles for the Chama senior center in Rio Arriba county.

SANTA CLARA PUEBLO SENIOR CTR IMPROVE

One hundred thousand dollars (\$100,000) to the aging and long-term services department to purchase and install equipment and make improvements for code compliance, repair and repaint walls, purchase and install a heating, ventilation and air conditioning system and carpet and make roof repairs at the Pueblo of Santa Clara senior center in Rio Arriba county.

BERNALILLO SENIOR SITE VEHICLES

Eighty thousand five hundred dollars (\$80,500) to the aging and long-term services department to purchase vehicles for the Bernalillo senior site in Sandoval county.

MARY ESTHER GONZALES SR CTR CAFÉ ADDITION

Two hundred thousand dollars (\$200,000) to the aging and long-term services department to plan, design and construct a cafeteria addition at the Mary Esther Gonzales senior center in Santa Fe in Santa Fe county.

BELEN SENIOR CTR IMPROVE

One hundred thousand dollars (\$100,000) to the aging and long-term services department to make improvements and replace furnishings at the Belen senior center in Belen in Valencia county.

BELEN WELL & TANK REHAB

Nine hundred thousand dollars (\$900,000) to the department of environment to develop a new well and for rehabilitation of tank number 5 that includes draining, cleaning, sand blasting and repainting the interior water tank surfaces and pressure washing and repainting the exterior surfaces in Belen in Valencia county.

FRED LUNA SENIOR CTR IMPROVE

Seven hundred sixty thousand dollars (\$760,000) to the aging and long-term services department to construct the parking lot, purchase and install fire alarms and a sprinkler system and other improvements for code compliance and make other improvements to the Fred Luna senior center in Los Lunas in Valencia county.

PERALTA SENIOR CTR

One hundred thousand dollars (\$100,000) to the aging and long-term services department to plan and design a senior center in Peralta in Valencia county.

DEL RIO SENIOR CTR KITCHEN EQUIP

Sixty thousand dollars (\$60,000) to the aging and long-term services department to purchase kitchen equipment at the Del Rio senior center in Rio Communities in Valencia county.