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FISCAL IMPACT REPORT

SPONSOR Papen ORIGINAL DATE 2/26/17
 LAST UPDATED 3/8/17 HB _____

SHORT TITLE Approval for Disposition of Public Property SB 335/aSPAC

ANALYST Romero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY17 | FY18 | FY19 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| Total | | | | NFI | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Cultural Affairs
 General Services Department
 Department of Public Safety
 State Land Office
 Public School Facilities Authority

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment adds a new section to the bill. The bill now amends Section 13-6-1, increasing threshold in two places. First, threshold adhered to by state agencies, local public bodies, school districts and state educational institutions to dispose of tangible property having a minimum value of \$5 thousand, is increased to \$10 thousand. Additionally, the amendment increases the threshold, allowing the Department of Transportation to sell property that exceeds \$5 thousand in value is increased to \$10 thousand.

Synopsis of Bill

Senate Bill 335 amends Section 13-6-2, NMSA 1978 by increasing the thresholds which determine the processes state agencies, local public bodies, school districts or school educational institutions must follow to dispose of property.

SB 335 adds municipalities to the list of eligible entities to which real property may be donated or sold. This bill includes the sale of real property to a person, through the central purchasing

office at a competitive price, or to advance a substantial state interest. The resale value threshold for which approval is required is increased to be from \$10,000 - \$60,000 for real property, and \$10,000 for tangible personal property.

SB 335 removes the requirement to obtain approval from the appropriate approval authority for tangible personal property to be used as a trade-in or exchange. Right of first refusal to the surplus property division is a requirement for all state agencies, local public bodies or state educational institutions, however, school districts may offer a right of first refusal, but are not required.

SB 335 strikes subsections F and G and adds a new subsection that requires payments received from the disposition of either real or tangible property to be credited to the state agency, local public body, school district or state educational institution that had ownership or jurisdiction over the property. The provisions set forth do not apply to the State Parks Division of the Energy, Minerals and Natural Resources Department for the disposition of tangible personal property.

SB335 requires that state agency's disposition of real property with a current resale value \$60,000 to \$200,000 or has a lease a period of five to 25 years is not valid and shall be retractable unless the State Board of Finance (BoF) first reviews and approves the disposition. A local public body's, school district's, or state educational institution's disposition of real property with a current resale value more than \$60,000 or a lease for a period of more than five years is not valid and shall be retractable unless the BoF first reviews and approves the disposition.

A state agency's disposition of real property with a current resale value of more than \$200,000, or a lease period of more than 25 years, is not valid and is retractable unless the Capital Buildings Planning Commission (the commission) reviews the proposed disposition and makes a determination on whether the disposition conforms with the state's inventory and master plan, is in the best interest of the state or the state agency, and makes a recommendation to the legislature. Following the receipt of the commission's report, the legislature must pass a joint resolution to approve the disposition, which approval shall be effective for five years following the passage and lastly, the BoF must review and approve the disposition.

FISCAL IMPLICATIONS

None noted

SIGNIFICANT ISSUES

1. SB335 increases the threshold for disposing of tangible personal property from \$5,000.00 to \$10,000.00.
2. Requires not only state agencies but local public bodies and state educational institutions to offer the surplus property bureau of the transportation services division of the general services department a right of first refusal on tangible personal property.
3. Current Statute states that payments received from the disposition of real or tangible personal property may be credited to the agency, proposed change states payments shall be credited to the owning agency.
4. The bill does not indicate what documents will be required for the Capitol Building Planning Commission to perform their review.

OTHER SUBSTANTIVE ISSUES

The General Services Department notes:

“If SB335 is implemented as it currently reads, a gap would be created in property value thresholds regarding the disposition process as stated in 13-6-1 NMSA1978 which is currently (\$5,000.00) and 13-6-2 NMSA1978 as drafted (\$10,000.00); what would happen to property valued from \$5001.00 and \$9,999.99? Recommend making an amendment to 13-6-1 increasing dollar amount to \$10,000.00.

The CBPC’s primary mission is long term master planning for the State with emphasis on Santa Fe, Albuquerque and Las Cruces. The additional tasks required in this bill will consume time that could otherwise be spent on master planning.”

ALTERNATIVES

The General Services Department notes the following alternative:

“Instead of the CBPC doing the review and reporting to the legislature, this task could be accomplished by the State Board of Finance. The BoF is already reviewing real property sales and trades between \$20,000 and \$100,000. The documentation required by the BoF is defined in the New Mexico Administrative Code. The BoF meets on a monthly basis.”

IR/al