

1 SENATE JOINT MEMORIAL 18

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018**

3 INTRODUCED BY

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10 A JOINT MEMORIAL

11 REQUESTING THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT
12 COMMITTEE, THE LEGISLATIVE FINANCE COMMITTEE AND THE GOVERNOR
13 TO APPOINT A WORKING GROUP OF COMMITTEE MEMBERS AND
14 REPRESENTATIVES OF STATE AGENCIES, LOCAL GOVERNMENTS AND
15 FEDERAL AGENCIES THAT FUND CAPITAL PROJECTS IN NEW MEXICO TO
16 STUDY THE CURRENT CAPITAL OUTLAY PLANNING, FUNDING AND
17 MONITORING PROCESSES AND STATE, STATEWIDE, REGIONAL AND LOCAL
18 INFRASTRUCTURE NEEDS AS SHOWN BY CURRENT STATE CAPITAL PLANS
19 AND LOCAL GOVERNMENT INFRASTRUCTURE CAPITAL IMPROVEMENT PLANS
20 AND MAKE RECOMMENDATIONS TO THE FIRST SESSION OF THE FIFTY-
21 FOURTH LEGISLATURE FOR IMPROVEMENTS TO THE PROCESS.

22
23 WHEREAS, New Mexico is one of few states that funds local
24 capital outlay projects with state taxes and is able to do so
25 because of the severance tax bonding fund, created in 1961, and

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1 through the voters' approval of state general obligation bonds;
2 and

3 WHEREAS, over the more than fifty-six years of the
4 severance tax bonding fund, the legislature has taken different
5 approaches to selecting and funding state capital improvements
6 and did not routinely fund local projects until the mid-1980s;
7 and

8 WHEREAS, the legislature created the New Mexico finance
9 authority in 1992, at the urging of the late Senator Eddie
10 Lopez, as a type of "state bank" to help local governments fund
11 capital projects; and

12 WHEREAS, at the same time, the legislature created the New
13 Mexico finance authority oversight committee, which was
14 directed in statute to:

15 "C. monitor and provide assistance and advice on
16 the public project financing program of the New Mexico finance
17 authority;

18 D. oversee and monitor state and local government
19 capital planning and financing and take testimony from state
20 and local officials on state and local capital needs;

21 E. provide advice and assistance to the New Mexico
22 finance authority and cooperate with the executive branch of
23 state government and local governments on planning, setting
24 priorities for and financing of state and local capital
25 projects;..." and

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1 WHEREAS, New Mexico law also requires that: "The
2 department of finance and administration and the general
3 services department shall jointly prepare, amend and maintain a
4 four-year program of major state capital improvement projects
5 recommended to be undertaken by the state or to be undertaken
6 with state aid or under state regulation."; and

7 WHEREAS, systemic planning for capital needs at the state
8 level is hampered by the significant number of state agencies
9 or boards that control portions of either funding or planning,
10 including the local government division and the capital outlay
11 bureau of the department of finance and administration, the
12 facilities management division of the general services
13 department, the cultural affairs department, the department of
14 transportation, the department of environment, the aging and
15 long-term services department, the office of the state
16 engineer, the interstate stream commission, the higher
17 education department, the public school capital outlay council,
18 the Indian affairs department, the water trust board, the
19 tribal infrastructure board, the colonias infrastructure board
20 and the New Mexico finance authority; and

21 WHEREAS, many times agencies delegate even their vetting
22 powers to the legislature so they do not have to make
23 potentially unpopular decisions of saying "No" to capital
24 projects; and

25 WHEREAS, the legislature is too often faced with capital

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1 outlay requests that reside at the extremes, those that are
2 either much too costly or so small that local governments
3 should be able to fund them with their own resources; and

4 WHEREAS, the lack of coordination among state, federal and
5 local funding sources has been shown over and over in the
6 number of projects that are reauthorized or voided because they
7 could not be done with the funding supplied by the legislature;
8 and

9 WHEREAS, the legislature and the executive have made
10 strides in improving the funding process over the years as the
11 state has faced declining oil and gas revenues that have
12 provided less money to meet billions of dollars of unmet needs
13 for maintaining and improving state assets and funding
14 statewide, regional and local projects; and

15 WHEREAS, still more needs to be done to ensure that the
16 state as a whole has a vision and a master plan for New Mexico
17 that systematically meet the capital needs of the state and
18 local governments; and

19 WHEREAS, funding for capital projects, particularly for
20 constructing special facilities, is a three-prong exercise:

21 A. there must be sufficient planning to realize the
22 project in the most efficient and cost-effective manner;

23 B. there must be sufficient funding to begin and
24 finish the project in a timely manner that meets federal
25 Internal Revenue Code requirements for tax-exempt bonds; and

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1 C. the public owner must have a sufficient budget
2 to staff and maintain the project; and

3 WHEREAS, the effective use of cogent state and local
4 policies for planning, funding and operating capital projects
5 not only allays the fears of bond rating agencies but signals
6 to potential businesses that New Mexico is on the right path to
7 success and assures taxpayers that state resources are being
8 put where they are needed most to improve the lives of all New
9 Mexicans;

10 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
11 STATE OF NEW MEXICO that the New Mexico finance authority
12 oversight committee, the legislative finance committee and the
13 governor be requested to appoint a working group of committee
14 members and representatives of state agencies, local
15 governments and federal agencies that fund capital projects in
16 New Mexico to study the current capital outlay planning,
17 funding and monitoring processes and state, statewide, regional
18 and local infrastructure needs as shown by current state
19 capital plans and local government infrastructure capital
20 improvement plans and make recommendations to the oversight
21 committee, the legislative finance committee and the first
22 session of the fifty-fourth legislature for improvements to the
23 process; and

24 BE IT FURTHER RESOLVED that the oversight committee staff
25 take the lead in staffing the working group, but that other

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1 legislative staff and state agencies provide assistance as
2 needed; and

3 BE IT FURTHER RESOLVED that the working group report to
4 the New Mexico finance authority oversight committee and the
5 legislative finance committee by November 15, 2018 with its
6 recommendations and that the working group report its
7 recommendations to the first session of the fifty-fourth
8 legislature for improvements to the process; and

9 BE IT FURTHER RESOLVED that copies of this memorial be
10 transmitted to the New Mexico legislative council, the New
11 Mexico finance authority oversight committee, the legislative
12 finance committee and the governor.