

<b>LFC Requester:</b>	<b>Sunny Liu</b>
-----------------------	------------------

**AGENCY BILL ANALYSIS  
2021 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

**[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)**

*and*

**[DFA@STATE.NM.US](mailto:DFA@STATE.NM.US)**

*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Check all that apply:  
**Original**     **Amendment**      
**Correction**     **Substitute**   

**Date** 1/22/2021  
**Bill No:** SB43

**Sponsor:** William Soules  
**Short Title:** FUNDING OF DEMOLITION  
OF ABANDONED SCHOOLS

**Agency Name and Code**    PED-924  
**Number:** \_\_\_\_\_  
**Person Writing**    John Sena  
**Phone:** 505-570-7816    **Email** John.Sena@state.nm.us

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23		
NFI	NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	NFI	NFI	NFI			

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

Senate Bill 43 (SB43) allows funds from the Public School Capital Outlay Fund (PSCOF) to be used for the demolition of abandoned school district facilities. Currently under the Public School Capital Outlay Act (PSCOA), school districts can apply for funding for the demolition of abandon school buildings; however, the PSCOA may require the school district to reimburse the PSCOF with the insurance savings. SB43 would amend the PSCOA so that demolition awards are a direct grant that do not need to be repaid.

**FISCAL IMPLICATIONS**

There are several vacant school buildings statewide, and insurance premiums vary in every region of the state and depend on the actual value of the building. Demolition of unused vacant buildings could result in insurance premium savings school districts incur annually.

The PSCOF is funded from Supplemental Severance Tax Bonds (SSTBs) that were originally dedicated by the Legislature for sole financing standards-based projects, as defined in the PSCOA. The provisions of this bill are adding another initiative, which would be a reduction of regular standards based projects. In recent years, a number of initiatives have been added to the list of eligible programs funded by the Act. Currently, funds are used to support the Capital Improvements Act (SB-9), the lease payment assistance program, Construction Industries Division reimbursements, State Fire Marshall reimbursements, the Public School Facilities Authority (PSFA) operating budget, master facility plans, broadband deficiencies, school buses, and emergency allocations. These additional uses of the fund have increased considerably in recent years, meaning that the additional programs are reducing available revenues for regular standard-based construction projects significantly. Enacting this bill would continue this trend, further reducing funding available to be used for standards based projects.

**SIGNIFICANT ISSUES**

SB43 does not indicate if the state and local match percentage will be applied to the grants or if the PSCOC is to fund 100% of the demolition.

**ADMINISTRATIVE IMPLICATIONS**

The PSCOC and PSFA would need to develop guidelines and standards for the demolition

initiative, which may include an application and ranking methodology.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

**AMENDMENTS**

None as of 1/21/2021.