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Analysis of Upcoming

City of Albuquerque Bond and Tax Issues

On October 28, 2003 voters will be deciding
a gross receipts tax increase and
ten general obligation bond issues.

Details of these issues can be found at

<http://www.cabq.gov/clerk/>

General Obligation Bond Issues

Since October 1993 there have been 55 general obligation bond issues on the ballot, totaling over \$491 Million, for the City of Albuquerque. All 55 ballot issues have passed. Real property owners in the City of Albuquerque are responsible for the repayment of these bonds plus interest. This total should be compared to the total of \$493 Million in general obligation bonds that the State of New Mexico has passed in the same time period.

To come up with a recommendation, Bond Review, has adjusted prior bond issue amounts for inflation **and** population growth, to allow for honest comparisons. Any bond issue that exceeds by more than 25% this adjusted prior average; will receive an automatic NO recommendation from Bond Review, as an excessive request. If the requested increase is between 10% and 25%, Bond Review will make a recommendation on a case-by-case basis.

Further, Bond Review will recommend a NO vote when the length of the bond issue will exceed the life of the item being purchased. For example, the City wants to borrow long-term money to buy library books. Bond Review believes this is an imprudent way to buy library books, whose expected shelf life is very short.

Bond Review has reviewed the make up of each bond request but does not make a determination on the desirability of each individual line item. It is clear that the city government is capable of finding more places and ways to spend money than the real property owners can afford, so the overall level of funding must be the taxpayer's chief concern.

Bond Review's recommends as follows:

2003 City of Albuquerque Municipal	Current	Adjusted Ave*	% Change	Recommendation
1 FIRE PROTECTION	\$6,039,565	\$5,614,022	7.58%	YES
2 SENIOR FAMILY CENTER	\$9,505,926	\$9,780,531	-2.81%	YES
3 POLICE	\$8,585,360	\$5,674,612	51.29%	NO
4 PARKS & RECREATION	\$32,548,197	\$20,155,543	61.49%	NO
5 FACILITIES & EQUIPMENT	\$14,247,984	\$9,380,037	51.90%	NO
6 LIBRARY	\$3,756,081	\$5,739,645	-34.56%	NO
7 ROAD	\$52,377,493	\$37,903,436	38.19%	NO
8 PUBLIC TRANSIT	\$6,443,100	\$6,282,568	2.56%	YES
9 STORM SEWER	\$11,576,370	\$15,954,146	-27.44%	YES
10 ZOO, BIO PARK & MUSEUM	\$12,758,384	\$7,225,605	76.57%	NO
	\$157,838,460	\$123,710,145	27.59%	

*This adjusted average consists of the prior the City's prior bi-annual bond issues since 1993, adjusted for population and inflation.

Proposition to Increase in the Gross Receipts Tax Increase

This proposition desires to permanently raise the gross receipts tax by $\frac{1}{4}$ of 1%, currently 5.8175%, or 4.3%. The increase would be split: 34% to police, 34% to fire, 26% to crime prevention/intervention and 6% to the corrections department. It is estimated, this increase would equate to an additional \$26,000,000 in taxes annually.

For year-end June 30, 2002 the City's public safety costs were:

Public Safety	FYE 6/30/02 ¹
Corrections and detention	\$35,500,000
Fire protection	\$46,000,000
Police protection	\$99,000,000
	\$180,500,000

This proposed \$26,000,000 would represent a 14.4% increase in public safety spending on top of the increases already planned by the City.

2003 City of Albuquerque Municipal	Expense FYE 6/30/2002	Projected Increase	% Increase	Recommendation
PROPOSITION .25% G.R.T. INCREASE	\$180,500,000	\$26,000,000	14.40%	NO

Bond Review **opposes** this sudden, huge, and permanent increase.

¹ From Independent Auditors' Report.

Those in favor of the 10 General Obligation Bonds

Albuquerque Journal <http://www.abqjournal.com/opinion/1OP10-17.HTM>

Those AGAINST some of all of the 10 General Obligation Bonds

Bond Review, Inc. <http://www.bondreview.com/>

Stop Tax Waste Measure Finance Committee <http://www.stoptaxwaste.com/index.html>

Those in favor of the Gross Receipts Tax Increase

AFSCME http://www.afscmenm.org/political_action.html

Those AGAINST the Gross Receipts Tax Increase

Bond Review, Inc. <http://www.bondreview.com/>

Albuquerque Journal <http://www.abqjournal.com/opinion/2OP10-17.HTM>