

**NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.**

**Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.**

## FISCAL IMPACT REPORT

SPONSOR: Crook DATE TYPED: 2/20/01 HB 231  
 SHORT TITLE: Vehicle & Fire Apparatus Purchases SB \_\_\_\_\_  
 ANALYST: Valenzuela

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 3,500.0			Recurring	Newly created fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (3,500.0)		Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files  
 Public Regulation Commission  
 Energy, Minerals and Natural Resources Department

### SUMMARY

#### Synopsis of Bill

House Bill 231 adds a new subsection to the Fire Protection Fund law that creates the “Equipment and facility fund” in the state treasury for use by the State Fire Marshal.

Section 1. Makes the following changes:

Subsection A: Creates the fund in the state treasury for use by the State Fire Marshal.

Subsection B: Allocates 10 percent of the balance, as of May 1 of the preceding calendar year, from the Fire Protection Fund to the “Equipment and Facility Fund”.

Subsection C: Allows the Fire Marshal to distribute the funding to local governments for equipment purchases and for facility construction. Creates a “Vehicle and apparatus acquisition advisory committee” to assist the Fire Marshal in developing grant application and award process. Requires local governments to provide a financial or in-kind match to the grant award for at least 25 percent of the value of the equipment of facility. Allows the local government to satisfy the matching requirement through a grant from the New Mexico Finance Authority. Mandates that total distributions to the local government not exceed \$200.0 in one year.

Subsection D: States that any unexpended and unencumbered amounts remaining at the end of the fiscal year will revert to the Fire Protection Fund.

Section 2. Aligns the remaining sections of the Fire Protection Fund with the changes made within the bill, House Bill 231.

#### Significant Issues

The bill transfers 10 percent of the Fire Protection Fund to a newly created fund, which approximates to roughly \$3.5 million. Under current law, after all distributions are made from the Fire Protection Fund, the remaining amount reverts to the general fund. Consequently, the general fund would lose \$3.5 million, annually. Attachment 1 shows the annual distributions currently made to fire districts throughout the state. Attachment 2 shows the percentage of these distributions from the total fund.

One other issue is that the bill does not define the makeup and membership of the advisory committee. House Bill 231 would leave that decision to the State Fire Marshal’s Office.

#### **FISCAL IMPLICATIONS**

Enactment of House Bill 231 would reduce the general fund by roughly \$3.5 million.

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

#### **ADMINISTRATIVE IMPLICATIONS**

Enactment of the bill would have only a minor impact of the State Fire Marshal’s Office.

MFV/njw  
Attachment