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## FISCAL IMPACT REPORT

SPONSOR: Garcia DATE TYPED: 02/14/01 HB 575  
 SHORT TITLE: Low Income Home Energy Assistance Program SB \_\_\_\_\_  
 ANALYST: Williams

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (29,800.0)		Recurring	General Fund
	\$ 29,800.0		Recurring	Human Services Department

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to SB 343, One Time Heating Bill Relief Rebate

### SOURCES OF INFORMATION

LFC Files  
 Taxation and Revenue Department  
 Department of Finance and Administration analysis not submitted  
 Energy, Minerals and Natural Resources Department

### SUMMARY

#### Synopsis of Bill

The bill would allow for inflationary growth in emergency school tax receipts using FY99 receipts as a base year; inflation is roughly forecast at 3 percent per year. The difference between receipts in a given fiscal year, such as FY02, and this inflationary growth level would be calculated. Finally, 30% of this amount would be distributed to the Human Services Department for the LIHEAP program.

#### Significant Issues

Current high utility bills are increasing demands on the LIHEAP program. LIHEAP has served over 25,000 households in New Mexico so far in FY01, compared to the FY00 total of 20,000 households served. Nationwide criteria for eligibility is 150% of the federal poverty level. Currently, the New Mexico program is entirely federal funded; no state funding is involved. There is \$14.4 million in total funding available in FY01.

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Note the bill would not provide additional funding for the LIHEAP weatherization program administered by the New Mexico Mortgage Finance Authority.

### **FISCAL IMPLICATIONS**

The TRD analysis anticipates the diversion of general fund revenues to be about \$21,000.0; however, it appears that analysis is scored against the December 2000 consensus revenue forecast, rather than the February update.

Applying the formula as outlined above and using the latest consensus revenue forecast, the bill is projected to reduce general fund revenues in FY02 by approximately \$29,800.0. The revenue reduction would be recurring, but the out-year impacts would depend on the projected emergency school tax receipts. Natural gas prices are currently anticipated to decline over the next few years, but still remain high by historical standards. This analysis assumes the technical distributions issues are resolved.

### **TECHNICAL ISSUES**

TRD notes a number of technical problems with the bill, both in terms of carrying out what appears to be its intent as well as the mechanics of the calculation and distribution. Various amendments to the bill would help address these issues. The TRD analysis is attached.

### **POSSIBLE QUESTIONS**

1. Should the state set the precedent of funding the LIHEAP program? If the Legislature adopts this policy, then should the state funding be non-recurring or recurring?

AW/njw  
Attachment