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FISCAL IMPACT REPORT

ORIGINAL DATE 2/3/2016
SPONSOR Sapient **LAST UPDATED** _____ **HB** _____

SHORT TITLE Law Enforcement Protection Fund for Training **SB** 258

ANALYST Rogers

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
\$0.0	\$200.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18		
\$0.0	(\$1,910.4)	(\$2,110.4)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to HB101
 Duplicates HB62a

SOURCES OF INFORMATION

LFC Files

Responses Not Received From
 Department of Public Safety (DPS)

SUMMARY

Synopsis of Bill

SB 258 amends Section 29-13-2.1 NMSA 1978, to include certified satellite academies and the New Mexico Law Enforcement Academy (LEA) in the Law Enforcement Protection Fund (LEPF) Act.

This bill also amends Section 29-13-4 NMSA 1978 by adding a \$50 thousand flat rate distribution for each of the ten satellite academies and the LEA and increases funding per certified officer for qualifying tribal, municipal and university police and county sheriff departments from \$600 to \$1,000.

This bill amends Section 29-13-7 NMSA 1978 to allow for satellite academies and the LEA to use LEPF distributions to provide basic, advanced or in-service law enforcement training and for purchasing equipment directly related to the training.

The bill makes a \$200 thousand non-recurring appropriation from the state General Fund to the LEPF in fiscal year 2017 for advanced officer training at satellite academies and the LEA.

FISCAL IMPLICATIONS

Remaining balances of the LEPF at the end of the fiscal year currently revert back to the general fund. Increasing LEPF distributions results in a corresponding decrease in the balance available for reversion to the general fund.

The LFC estimates that, for FY17, the increase in LEPF distributions will be \$1.9 million with a corresponding decrease of \$1.9 million in reversions to the general fund. The \$200 thousand non-recurring appropriation contained in the bill would impact FY17 only.

DFA explained that the LEPF is funded from 10 percent of all money received for fees, licenses, penalties and taxes from life, general casualty, and title insurance business pursuant to the New Mexico Insurance Code, meaning that the revenue received will fluctuate from year to year depending on volume of related insurance business activity.

Amending Section 29-13-4C(3) NMSA 1978 would allow for an additional distribution of \$550 thousand from the LEPF based on the current ten satellite academies and the LEA (11 x \$50 thousand = \$550 thousand). In future fiscal years, this amount could change if new regional facilities are established or existing regional facilities are closed. The \$200 thousand nonrecurring appropriation contained in the bill would reduce the impact to the LEPF for FY17 only.

DFA stated that by increasing the per officer allocation from \$600 to \$1,000, based on the 3,901 certified officers funded in FY16 for all qualifying departments, there would be an additional LEPF distribution of $\$400 \times 3,901 = \$1,560,400$.

LFC analysis, in concurrence with DFA analysis, shows that there is a negative general fund impact of \$2.1 million as a result of the provisions of SB 258.

LFC analysis shows that historical reversions from the LEPF were \$7.6 million in FY15, and are projected to be \$15.2 million in FY16.

Historical Reversion from the LEPF		
FY10	\$	9,920.2
FY11	\$	9,089.3
FY12	\$	8,291.1
FY13	\$	4,575.5
FY14	\$	3,936.3
FY15	\$	7,641.5
FY16	\$	15,200.0

DPS stated that the \$200 thousand that SB 258 would provide would support the basic and advanced officer training programs of the DPS LEA. However, DPS did note that tribal agencies that cite non-Indians into tribal court for civil criminal citations are not eligible to receive the funds.

SIGNIFICANT ISSUES

Both the DFA and the LFC believe the most significant issues regarding the bill are its negative fiscal impact to the state general fund and uncertainties surrounding the amount of annual revenue received by the LEPF. Annual revenues into the LEPF are dependent on the business activity of specific types of insurance. Changes in the insurance industry can make it difficult to make accurate annual revenue projections.

It is also difficult to project the amount of the transfer that is needed for a particular fiscal year in order to keep the Survivor's Fund at a minimum balance of \$350 thousand as required in Section 29-13-4B NMSA 1978.

This bill also amends Section 29-13-4D NMSA 1978, which allows DFA Local Government Division to reduce allocations if there is insufficient fund balance to permit for the total allocations provided in the act, to include reductions in distributions and allocations to regional facilities and the academy.

DPS believes that SB 258 will have a positive effect on the eleven law enforcement academies in New Mexico, including the DPS LEA. While all eleven law enforcement academies in NM have established their basic training programs, the bill will allow all eleven academies to expand additional training offerings and assist in purchasing much needed equipment for both basic and advanced trainings.

ADMINISTRATIVE IMPLICATIONS

If this bill is enacted, the DFA Local Government Division will have to process payments for the LEA and the regional facilities as part of the LEPF distribution.

The DFA Local Government Division would also be required to update the LEPF Rule, 2.110.3 New Mexico Administrative Code, to include the additional distributions and allowable expenditures included in this bill.

RELATIONSHIP

SB 258 relates to HB 62 and HB 101.

OTHER SUBSTANTIVE ISSUES

Currently, NMSA 1978, Section 29-13-4B requires that transfers to the Peace Officer's Survivor's Fund be made out of LEPF balances as necessary to maintain a minimum \$350 thousand balance in the Survivor's Fund. DFA is concerned about difficulties in projecting the transfer amount for a given fiscal year. When a law enforcement officer is killed in the line of duty, the officer's family receives a \$250 thousand payment. Recently, in one year, \$750 thousand was paid out to surviving families.

TMR/al/jle