

AGENCY FIR TRAINING

January 9 and January 10, 2024

FISCAL IMPACT REPORTS

PURPOSE:

- ▶ Provide information and non-partisan analysis to legislators and the public on impact of legislation before a bill becomes law
- ▶ Describe the impact of a bill on the finances of the state government cumulatively and objectively, so that, the Legislature can make informal decisions on 1) costs, 2) savings and 3) revenue
- ▶ Provide non-partisan information to the Legislature, state agencies, and the public
- ▶ Allow for tracking legislation that may impact the general appropriation act
- ▶ FIRs help legislators make decisions
- ▶ LFC is the official repository for all fiscal impact reports

REVIEW OF KEY STEPS

- ▶ LFC memo to agencies, December 27, 2023
- ▶ On LFC website, information for state agencies (form and instructions)
https://www.nmlegis.gov/Entity/LFC/Information_For_State_Agencies
- ▶ Please use form on website
 - ▶ LFC agency bill analysis template
 - ▶ Times New Roman 12
 - ▶ Include any charts as attachments
 - ▶ Use proper file naming convention

REVIEW OF KEY STEPS

- ▶ Response requested within 24 hours
 - ▶ UPLOAD AS PDF TO:
[AGENCYANALYSIS.NMLEGIS.GOV](https://agencyanalysis.nmlegis.gov)
 - ▶ Responses are filed by bill number and become a record of agency responses
 - ▶ Beginning this year, all agency analysis will be publicly available on the Legislature's website

REVIEW OF KEY STEPS

- ▶ This year is a 30-day session where not all legislation is germane, unlike a 60-day session where everything is germane.
- ▶ FIRS will be prepared for all legislation except memorials honoring persons, places, or things.
- ▶ Sessions normally start slow and speed up mid session when bills may be heard quickly.
- ▶ Expectations to provide timely analysis are the same

AGENCY FIR ANALYSIS FORM

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

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 _____

Bill No: _____

Sponsor: _____ Agency Name and Code
Short _____ Number:
Title: _____ Person Writing _____
Phone: _____ Email _____

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(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:

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS

COMPLETING THE FIR

- ▶ Use bill locator
 - ▶ Sponsor
 - ▶ Title
 - ▶ Bill number
- ▶ ORIGINAL
- ▶ CORRECTION - use if making any correction
- ▶ SUBSTITUTE - use if bill was substituted
- ▶ AMENDMENT - use to indicate an amendment
- ▶ DATE
 - ▶ Current date
- ▶ TABLES
 - ▶ **Critical** - lawmakers often use to determine if a committee will take action or table a bill
 - ▶ EVERY FIR MUST HAVE AT LEAST ONE TABLE
 - ▶ Appropriation Table - Use ONLY when the bill contains an appropriation:

COMPLETING THE FIR

FOR EXAMPLE:

- ▶ SECTION 1. APPROPRIATION.--Three hundred seventy-two thousand dollars (\$372,000) is appropriated from the **general fund** to the board of regents of the university of New Mexico for expenditure in **fiscal year 2024** to **conduct a study of homelessness**. Any unexpended or unencumbered balance remaining at the end of fiscal year 2024 shall revert to the general fund.

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
\$372.0		Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

COMPLETING THE FIR

LFC classification of recurring and nonrecurring:

Nonrecurring

Studies
Capital projects
Capital outlay (other than HB2)
Computer equipment
Other equipment
Buildings
Land

Recurring

Pilot Projects
Salaries and Benefits
Maintenance costs
Everything not listed in nonrecurring

COMPLETING THE FIR

Revenue Table

- ▶ Use **ONLY** when the bill results in an increase or decrease to a revenue source.
- ▶ Please **NOTE**: Use Parenthesis () to indicate a revenue decrease or loss, for example if a bill will result in a loss of revenue in the amount of \$500,000 show in the table as (\$500.0).
- ▶ Please Use **ANNUAL** Amounts in this column
- ▶ If passage of a bill results in an increase of revenue of \$500.0, show in the table as \$500.0

Estimated Additional Operating Budget Impact Table

- ▶ Use this table for **ALL MEMORIALS AND RESOLUTIONS**. If there is an impact, fill out the table. If no impact, NFI.
- ▶ Use this table when there is no appropriation in the bill, no revenue impact or no estimated additional operating impact. Simply indicate NFI in this table.

COMPLETING THE FIR

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT

- ▶ Use this table if there is no appropriation, no revenue impact but DOES have an estimated impact to an agency operating budget.
- ▶ Use this table if there is an appropriation, but costs to implement the bill exceed the appropriation. Explain and list **ONLY** the additional costs in this table.
- ▶ May use a range of estimated additional operating budget impacts.
- ▶ For consistency, use ANNUAL amounts in each column.
- ▶ Are there increased expenditures for future fiscal years?
- ▶ Explain methodology in Fiscal Implications Section

COMPLETING THE FIR

- ▶ SIGNIFICANT CONSEQUENCES OF OUR ACTIONS
 - ▶ In 2015, bill passed that eliminated the practice of law enforcement agencies to auction items obtained through arrest and use monies to finance operations.
 - ▶ Table said “Indeterminate but substantial”.
 - ▶ Resulted in a subsequent request for \$2.5 million GF to compensate for lost revenues.
 - ▶ Impact was significant but a estimated revenue loss should have been used rather than text

LESSON LEARNED: MAKE YOUR BEST EFFORT TO USE A RANGE OR A LARGE NUMBER RATHER THAN TEXT, PAY CLOSE ATTENTION TO IMPACTS ON THE GENERAL FUND!

COMPLETING THE FIR

▶ BILL SUMMARY

- ▶ Provide a brief synopsis of what the bill does
- ▶ Remember - only assess the impact of the change or underlined material or “new” material; not the complete section or chapter
- ▶ New statute -FIR must cover entire bill

▶ FISCAL IMPLICATIONS

- ▶ Methodology used to determine fiscal impact
- ▶ Discuss outyear costs
- ▶ Make sure amounts in narrative agree with the amounts in tables

COMPLETING THE FIR

▶ SIGNIFICANT ISSUES

- ▶ Briefly describe significant public policy issues
- ▶ Discuss implementation of bill, expected results, anticipated problems, etc.
- ▶ Are there unintended consequences related to the bill?

COMPLETING THE FIR

- ▶ REMAINDER OF SECTIONS ARE OPTIONAL
- ▶ PERFORMANCE IMPLICATIONS
 - ▶ Accountability
 - ▶ How will implementation be evaluated
 - ▶ Impact on the agency's performance?
 - ▶ Mission, goals, and objectives?
- ▶ CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP
 - ▶ Are there other bills related to this one?
 - ▶ Goal is to avoid conflicts

EFFECTIVE DATES

- ▶ EMERGENCY CLAUSE - bill becomes effective immediately upon Governor's signature
- ▶ FOLLOWING ADJOURNMENT - Governor has 20 days to act (bills passed last 3 days of session)
- ▶ SPECIFIED - a bill may specify the effective date i.e. July 1
- ▶ ALL OTHER BILLS - become effective 90 days following adjournment of the Legislature

PROCESS

- ▶ LFC analysts will summarize inputs
- ▶ IF YOU FEEL AGENCY INPUT IS INACCURATE OR MISREPRESENTED, CALL ANALYST IMMEDIATELY!

LFC CONTACTS 986-4550

- ▶ LFC ANALYST
- ▶ NATHAN ECKBERG
- ▶ HELEN GAUSSOIN
- ▶ JEANNAE LEGER

HOW DO YOU ADD VALUE TO THE PROCESS?

- PARTICIPATION
- TIMELINESS
- ACCURACY

THANK YOU!

QUESTIONS?

COMMENTS?