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FISCAL IMPACT REPORT

SPONSOR:	Crook	DATE TYPED:	02/07/00	HB	304
SHORT TITLE:	Rural Detention Facilities Emergency Fund				SB
					ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
	\$ (2,500.0)		Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Conflicts with SB 186 (Stockard)

SOURCES OF INFORMATION

Legislative Finance Committee (LFC)

SUMMARY

Synopsis of Bill

This bill creates the "rural detention facilities emergency fund" in the state treasury. The fund shall include transfers from the small county assistance fund and the law enforcement protection fund.

This bill states that a local government may apply to the state board of finance for funding for emergency capital improvements or operational shortfalls. The board of finance shall provide the criteria to determine eligibility which are detailed in the new Section 1(B). Local governments that may apply for emergency funding are municipalities with populations less than 50,000 or a county other than a class A county.

Currently, balances remaining after distribution to counties pursuant to the Small Counties Assistance Act, revert to the general fund. This bill would divert these funds to the rural detention facilities fund. As of June 30, 1999, undistributed receipts in the Small Counties Assistance Fund was \$4,196.1 Amounts on reversions is unknown at this time.

Currently, the law enforcement protection fund receives ten 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 (Chapter 59A NMSA 1978). On or before June 30 each year, the state treasurer transfers (reverts) to the general fund any balance in the law enforcement protection fund in excess of \$100,000 that is not obligated and that is in excess of the amount certified to be transferred. This bill would stop the transfer to the general fund which tends to be \$2.5 million annually.

FISCAL IMPLICATIONS

The estimated impact to the general fund is \$2.5 million.

CONFLICT

Senate Bill 186 (Stockard)

OTHER SUBSTANTIVE ISSUES

One of the qualifying criterion for an emergency is "operational shortfall". While unforeseen operational shortfalls do occur, the very existence of an emergency fund may tend to relax fiscal due diligence and strict operational efficiency at county correctional facilities. Counties may begin to "compete" for appropriations from a fund that is receiving over \$2.5 million annually. A more strict criteria of operational shortfall may prevent this from happening.

JBE/gm