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FISCAL IMPACT REPORT

SPONSOR Rawson DATE TYPED 01/26/04 HB _____

SHORT TITLE Weatherization Assistance Program SB 196

ANALYST Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$1,000.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 120.

Relates to House Bill 21, House Bill 25 and Senate Bill 205.

SOURCES OF INFORMATION

LFC Files

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 196 appropriates \$1 million from the general fund to the Department of Finance and Administration (DFA) for funding the Weatherization Assistance Program.

Significant Issues

This bill would provide funding for weatherization services to increase the energy efficiency of homes occupied by low-income people, to reduce their total residential energy expenditures and to improve the health and safety of the household members. The funding contained in this bill would complement the federal Weatherization Assistance Program currently administered by MFA and funded by the U.S. Department of Energy.

Federal funding for weatherization programs has declined in recent years. The state's appropriation for weatherization services also decreased from \$1 million to \$850 thousand in fiscal year 2002 and further decreased to \$600 thousand for fiscal year 2003-04. A 2003 legislative appropriation for fiscal 2003-04 totaling \$600 thousand (severance tax bonds) have been sold but not

released by the Board of Finance due to the attorney general's concern that the use of bond funding for weatherization services of privately-owned homes may violate the anti-donation clause of the Constitution. It is anticipated that the Affordable Housing Act, being proposed during this legislative session, will provide provisions to insure contributions are made with the intent of the Constitution and will clear the way for the funding to be released. The use of general funds in previous years for weatherization services has never posed a constitutional problem.

According to MFA, low-income homes statewide are in dire need of weatherization services. In 2002, federal funds totaled \$1.9 million, providing weatherization services for 535 units statewide. State funds totaling \$600 thousand provided services for 195 units.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

If funding is approved, DFA would enter into a Memorandum of Understanding with MFA for administration of the funds.

DUPLICATION and RELATIONSHIP

This bill duplicates Senate Bill 120 in its entirety. House Bill 21 and Senate Bill 205 each appropriate \$100 thousand for weatherization services specifically for Medicaid recipients. House Bill 25, the Affordable Housing, would provide the constitutional provisions necessary to expend state bonds for weatherization services appropriated in 2003.

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