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FISCAL IMPACT REPORT

ORIGINAL DATE 1-31-06
 SPONSOR Stewart LAST UPDATED 2-3-06 HB 335/aHCPAC
 SHORT TITLE Expand Weatherization Assistance Program SB _____
 ANALYST Hadwiger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
20,000.0		Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act of \$800 thousand for weatherization.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee amendment leaves the \$20 million appropriation but strikes most of the remainder of the bill, including the emergency clause. Instead the \$20 million would be spent in FY07 and FY08 as follows:

1. Up to two percent (\$400 thousand) of the appropriation would go to HSD for outreach and education through personal contacts made with participants in the low income home energy assistance program (LIHEAP) to deliver information about home weatherization and state-assisted weatherization;
2. One half of the balance (at least \$9.8 million) to the Department of Finance and Administration (DFA) for disbursement to the New Mexico Mortgage Finance Authority to supplement the expenditures for the weatherization assistance program; and
3. One half of the balance (at least \$9.8 million) to HSD to supplement expenditures for LIHEAP.

Synopsis of Original Bill

The original version of House Bill 335 appropriated \$20 million from the general fund to the Department of Finance and Administration (DFA) to disburse to the New Mexico Mortgage Finance Authority in FY06 and FY07 to supplement the weatherization assistance program and low-income home energy assistance program (LIHEAP) and other programs providing energy assistance to low-income families to provide low-cost energy-efficiency measures and energy education to eligible households, to provide energy education resources, to provide high-efficiency heating systems and other appliances and to increase participation in the weatherization assistance program. The bill includes an emergency clause.

FISCAL IMPLICATIONS

The appropriation of \$20 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 would revert to the general fund.

SIGNIFICANT ISSUES

EMNRD indicated there are currently over 100,000 low-income New Mexico households in need of weatherization. Natural gas prices have almost doubled in the past year, and the prospect for it staying the same or going higher is great. This price increase disproportionately affects low-income households by significantly raising the percentage of income required for utility bills. Low-cost energy efficiency measures can reach thousands of households and reduce energy usage and resultant savings by about a hundred dollars per household per year.

PERFORMANCE IMPLICATIONS

EMNRD noted that enactment of HB335 would help meet the goals in the EMNRD Energy Conservation and Management Division's Strategic Plan and its current performance measure to increase energy-efficiency and thereby reduce the related greenhouse gas emissions. For the 2005 program year, an estimated 34,472 MBtus were saved. This bill will significantly increase the savings.

TECHNICAL ISSUES

The Human Services Department (HSD) was not clear how LIHEAP fits within the original bill's appropriation. The LIHEAP program is administered by HSD, which was not included in the original bill. The amendment clarifies that just less than half of the appropriation would go to weatherization in DFA and the other half is would go to LIHEAP in HSD.

OTHER SUBSTANTIVE ISSUES

HSD noted that the appropriation in this bill may be credited toward the TANF maintenance of effort (MOE) requirement for funds spent to serve TANF eligible (100% of poverty) families. Because weatherization is likely to be considered non-assistance, it would be advantageous to credit this as TANF MOE.