

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/06

SPONSOR Varela LAST UPDATED 2/10/06 HB 598

SHORT TITLE Fund Sources on Finance Warrants SB \_\_\_\_\_

ANALYST Schardin

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		(400.0)	(400.0)	(800.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

House Bill 598 amends Section 6-5-7 NMSA 1978 so that not only warrants but also their supporting documentation must contain the particular fund from which the appropriation in the warrant is to be paid.

### FISCAL IMPLICATIONS

Based on estimates of DFA's pre-audit staff, DFA estimates that this amendment will save DFA's financial control division about \$400 thousand by eliminating the need to produce about 100,000 payment vouchers each year by allowing a single invoice to be charged to multiple funds.

### SIGNIFICANT ISSUES

The provisions of House Bill 598 aim to make the state's warrant payment process more efficient. Under current law, when an appropriation is paid out of several different funds, several warrants must be produced to pay a single invoice. This process is inefficient and costly because invoices must be photocopied and vouchered several times. DFA reports that the current process is also prone to error and abuse.

**ADMINISTRATIVE IMPLICATIONS**

The provisions of House Bill 598 will be administered through the use of the state's new State-wide Human Resources, Accounting and Management Reporting System (SHARE).

SS/yr:mt