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FISCAL IMPACT REPORT

ORIGINAL DATE 2/3/06

SPONSOR Lujan LAST UPDATED _____ HB 823

SHORT TITLE LIHEAP Program Administration SB _____

ANALYST Schardin

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	1,000.0	Non-Recurring	Gasoline and Home Heating Relief Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	(1,000.0)	(1,000.0)	Non-Recurring	General Fund
	1,000.0	1,000.0	Non-Recurring	Gasoline and Home Heating Relief Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB24, HB148, and HB335.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Bill 823 creates a distribution of \$1 million per fiscal year from gross receipts tax collections to the gasoline and home heating relief fund FY07 to FY11. These distributions will be ap-

propriated to HSD for the low income home energy assistance program (LIHEAP).

Under current law, money in the gasoline home heating relief fund is administered by DFA and subject to appropriation by the legislature. The bill would revise this condition so that money in the fund is automatically appropriated to DFA for gasoline price rebates and home heating cost relief and to DHS for LIHEAP.

The bill also amends Laws 2005 (1st Special Session) Chapter 2, Section 3 so that any amount of the \$23 million appropriated to HSD for the LIHEAP program or \$2.5 million appropriated to DFA for weatherization programs during the 2005 Special Session will not revert to the general fund if it has not been spent by the end of FY06. All other 2005 Special Session appropriations will still revert if not spent by the end of FY06.

FISCAL IMPLICATIONS

The bill would reduce general fund gross receipts tax revenue by \$1 million per year for FY07 through FY11. That \$5 million would instead be transferred to the gasoline and home heating relief fund for appropriation to HSD for the LIHEAP program.

The bill may also decrease general fund revenue by preventing any of the \$23 million appropriated to HSD for LIHEAP or the \$2.5 million appropriated to DFA for weatherization to revert.

SIGNIFICANT ISSUES

LIHEAP is a program funded jointly by state and federal governments. In FY05, the federal government provided \$9.9 million in funding to New Mexico. During the 2005 Special Session, the legislature appropriated \$23 million to HSD for the LIHEAP program. HSD reports that this appropriation has allowed average LIHEAP benefits to increase from \$127 to \$430 per family.

LIHEAP's objective is assisting households with incomes below 150 percent of federal poverty thresholds with energy costs. The program is designed to deliver more funding to low-income households that contain vulnerable populations such as the children under six years old, adults over 60 years old, and disabled individuals.

HSD notes that the New Mexico Mortgage Finance Authority (MFA) administers the Department of Energy's weatherization funds, and that HSD provides LIHEAP funds to MFA for weatherization as well. However, the bill does not mention MFA when appropriating \$1 per year to HSD for LIHEAP.

HSD also notes that some of the \$5 million appropriated to HSD for LIHEAP may be credited to New Mexico's TANF maintenance of effort (MOE).

ADMINISTRATIVE IMPLICATIONS

HSD will be required to track expenditures spend on TANF-eligible families to measure MOE expenditures.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 823 relates to Senate Bill 24 and House Bill 148, which appropriate \$700 thousand from the general fund to DFA for weatherization. House Bill 823 also relates to House Bill 335, which appropriates \$20 million from the general fund to DFA for weatherization and LIHEAP.

SS/nt