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FISCAL IMPACT REPORT

ORIGINAL DATE 1/22/07
 SPONSOR Martinez, R. LAST UPDATED 1/23/07 HB _____
 SHORT TITLE Expand Weatherization Assistance SB 114
 ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$1,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 114 appropriates \$1 million from the general fund to the Department of Finance and Administration in FY08 for disbursement to the New Mexico Mortgage Finance Authority (MFA) to expand the weatherization assistance program to increase the energy efficiency and reduce energy expenditures of homes occupied by low-income persons in New Mexico. No more than five percent of the appropriation may be used by MFA for administrative expense.

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 FY08 shall revert to the general fund.

SIGNIFICANT ISSUES

According to MFA this bill provides additional funding to the weatherization assistance program (WAP) which increases the energy efficiency and reduces the residential energy costs of homes occupied by low-income people, while improving their health and safety.

PERFORMANCE IMPLICATIONS

The current (2006-2007) weatherization assistance program which began July 1, 2006 has received funding from Department of Energy (DOE), Department of Finance and Administration (DFA), and Energy Efficiency Act (PNM). As of January 1, 2007 the MFA had not received Low Income Home Energy Assistance Program (LIHEAP) funds from the Department of Health and Human Services (HSD), although MFA anticipates funds will be received. Funding breakdown is as follows:

DOE - \$1,857,690
DFA - \$ 800,000
PNM - \$ 823,453
LIHEAP - \$ 710,219

By combining DOE and DFA funds approximately 1,464 units will be served while PNM funds anticipated 317 units would be served for the full program year. As of 12/31/06 DOE/DFA funds have served 519 units, PNM has exceeded its units served by five serving 322 units; a total of 814 units to date have been served. MFA indicates that 1,312 units were assisted during 2004-2005 and 2,577 units during 2005-2006 WAP.

This bill will increase DFA portion of funds to \$1,800,000. Should this bill be passed the total combined funds would assist 1,800 households. Without the funding, 400 households would not receive assistance.

ADMINISTRATIVE IMPLICATIONS

The MFA will continue to administer the program.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

According to MFA this bill proposes to address the substantial unmet demand for weatherization assistance throughout the state. Accordingly, a direct consequence of not enacting this bill would be a reduction of 400 units to the number of low-income households that could be assisted. The result is more of those household being faced with high energy bills and continuing health and safety hazards in their homes. Combined savings for energy and non-energy benefits in 2006 show weatherization returns at \$2.69 for every \$1 invested.

Funding in the Weatherization program is heavily leveraged, meaning that \$1 in funding from the State can actually mean as much as \$3 to the program. Without the proposed funding, sub grantees will be forced to lay off employees which will be a detriment to the numbers of households being assisted by all of the other funding sources.