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FISCAL IMPACT REPORT

ORIGINAL DATE 02/26/15

SPONSOR Maetz LAST UPDATED 02/27/15 HB 585

SHORT TITLE Mobile Shower For Homeless Pilot Project SB _____

ANALYST Dorbecker

APPROPRIATION (dollars in thousands)

Appropriation					Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17	FY18	FY19		
	\$200.0				Nonrecurring	General Fund

Parenthesis () indicate expenditure decreases

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate		Indeterminate	Nonrecurring	MFA Operating

Parenthesis () indicate expenditure decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Bill 585 appropriates \$200 thousand from the General Fund to the New Mexico Mortgage Finance Authority (MFA) to establish a one-year pilot program in a “class A” county that provides a mobile shower and bathroom facility for homeless individuals.

The bill includes reporting requirements as it requires MFA to collect data related to the number of individuals served, the number of staff required to implement the program, and the cost of operating the program. No later than November 1, 2016, MFA would report the data and make programmatic recommendations for statewide implementation of the program to the legislative health and human services committee and the legislative finance committee.

There is no effective date of this bill. It is assumed that the new effective date is 90 days after this session ends.

FISCAL IMPLICATIONS

If the bill becomes law, the general fund would decrease by \$200 thousand in FY2016.

As a governmental instrumentality, MFA receives no recurring operating funds from the state that it could use to offset costs of the program. The appropriation is nonrecurring where any unexpended or unencumbered balance remaining at the end of the fiscal year 2016 would revert to the general fund.

SIGNIFICANT ISSUES

The Mortgage Finance Authority Act prohibits MFA from receiving direct appropriations of state funds from the legislature. Funding would need to be appropriated to the Human Services Department, which would enter into a Joint Powers Agreement with MFA pursuant to Section 58-18-5.5 NMSA 1978.

According to MFA, the 2013 Albuquerque Point-in-Time Count¹ conducted by the New Mexico Coalition to End Homelessness, counted 1,170 homeless people living in the city on January 28, 2013. Of these, 134 were unsheltered. The pilot project proposed by the bill would primarily assist unsheltered people experiencing homelessness, as they currently have no place to shower or use the restroom.

MFA notes the Point-in-Time count represents a minimum of the number of people who experience homelessness in Albuquerque. Therefore, MFA estimates a greater number of unsheltered individuals would likely benefit from the proposed pilot program.

The bill specifies that the pilot project take place in a “class A” county with at least six hundred thousand individuals.” Therefore, the pilot project would take place in Bernalillo County as no other New Mexico counties meet this definition.

PERFORMANCE IMPLICATIONS

MFA’s current work in supportive services includes administering the Emergency Homeless Assistance Program (EHAP) with funding from HUD’s Emergency Solutions Grant (ESG) and the New Mexico State Homeless Assistance allocation. MFA would deliver the pilot program proposed by the bill by contracting with one or more homeless service providers serving Bernalillo County.

The LFC tax policy of accountability is met with the bill’s requirement to report annually to an interim legislative committee regarding the data compiled to determine whether the program is meeting its purpose.

¹<http://nmceh.org/pages/reports>

ADMINISTRATIVE IMPLICATIONS

MFA reports the authority has never administered a pilot program like the bill proposes. Therefore, MFA cannot estimate an additional operating budget impact from the bill. Also, MFA cannot ascertain if the \$200 thousand appropriation would be sufficient to cover all costs associated with the project. Related costs would include purchase or rental of a mobile sanitary facility, facility storage and maintenance, insurance, water and wastewater disposal fees, potential land rental, as well as personnel and staffing costs.

TECHNICAL ISSUES

The legislation proposed that appropriates funds to MFA should specify that MFA may spend a portion of the funds to administer the program. Therefore, MFA suggest amending the bill to include the following changes:

- HB585 should be amended to appropriate the funds to the Human Services Department for distribution to the New Mexico Mortgage Finance Authority.
- HB585 should allow MFA to expend part of the appropriation on administrative costs

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy:** Revenue should be adequate to fund needed government services.
2. **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity:** Different taxpayers should be treated fairly.
4. **Simplicity:** Collection should be simple and easily understood.
5. **Accountability:** Preferences should be easy to monitor and evaluate