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FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/20

SPONSOR Small LAST UPDATED _____ HB 312

SHORT TITLE Create Environmental Health Fund SB _____

ANALYST Wan

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	See Fiscal Implications					

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 209 and HB 214

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Environment Department (NMED)

SUMMARY

Synopsis of Bill

House Bill 312 amends the Environmental Improvement Act to create the environmental health fund, which would receive fees collected from four NMED programs in the Environmental Health Bureau: liquid waste (septic systems), public water recreation facilities (public swimming pools and hot tubs), food service sanitation (restaurants and food manufacturers), and hemp manufacturing (labs extracting CBD). Fees collected in the fund would be subject to appropriation by the legislature to NMED for the administration of all four programs.

Currently, fees collected from these programs are deposited into three separate funds (the food service sanitation fund, the liquid waste fund, and the water recreation facilities fund) and may only be spent to administer the program from which the fees are collected. HB312 would consolidate these funds so that their use is not restricted to expenditure on a single program.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

HB312 does not have an appropriation or an operating budget impact on NMED. It does not increase fees collected by NMED and therefore has no revenue impact. It would, however, increase NMED's ability to use revenue already being collected by removing the requirement that revenue from fees only be expended on the program that collected the fees.

Any unexpended or unencumbered balances from the three existing funds that would be replaced by HB312 currently do not revert to the general fund at the end of the fiscal year. HB312 maintains that policy for the environmental health fund.

PERFORMANCE IMPLICATIONS

NMED states:

“This bill will provide NMED the flexibility to maximize staff efficiencies in rural areas by allowing inspectors to cover all four program areas without a complex allocation between three funds. Without the flexibility provided by all programs billing to one fund, hiring of inspectors maybe deferred, construction projects could be delayed, contaminated food may not be identified or removed from public access, or public pools may be closed longer than necessary during the busy summer season. The efficiencies gained from combining these funds into one would improve NMED's performance and delivery of services.”

ADMINISTRATIVE IMPLICATIONS

NMED provided the following analysis:

“NMED's food, liquid waste, hemp, and swimming pool programs have a total of 103 FTEs located in 22 field offices across the state; all but 2 of these FTEs work in each of the four programs conducting inspections, issuing permits, [and] providing compliance assistance and administrative support. For example, in a typical workday, an inspector is likely to dedicate 2 hours to the recreational pool program, 4 hours to food safety permitting activities, and 2 hours to liquid waste inspections. This practice of balancing of staff time is essential in rural parts of the state where NMED has fewer inspectors.

HB312 eases the administrative burden of managing complex allocation of staff time across four programs...[and reduces] financial staff's administrative duties that are duplicative.”

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 214 creates the hemp service sanitation fund, which would collect fees related to NMED's implementation of the Hemp Manufacturing Act. If HB214 is enacted, HB312 would apply to the hemp service sanitation fund and that fund would also be consolidated into the environmental health fund.

Senate Bill 209 increases the cap on permit fees for food establishments. These fees, currently deposited in the food service sanitation fund, would be deposited into the environmental health

fund.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB312 is not enacted, fees collected from the four programs of NMED's Environmental Health Bureau will continue to be siloed into three separate funds and have their expenditure restricted to the program from which they were collected. According to NMED, this results in "a significant administrative burden on financial and program staff to allocate expenditures across the funds." Additionally, "NMED will continue to operate at a level dictated by the complexities of the current allocation of costs between all three funds, rather than enjoying the flexibility allowed by combining of all funds." The agency reports that without this flexibility, it may not be able to maintain current service levels in its field offices in FY21.

CW/rl