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FISCAL IMPACT REPORT

SPONSOR <u>HLVMC</u>	LAST UPDATED <u>3/13/2023</u>
	ORIGINAL DATE <u>3/7/2023</u>
SHORT TITLE <u>Firefighter Recruitment</u>	BILL NUMBER <u>CS/House Bill 345/HLVMCS/aHF1#1</u>
	ANALYST <u>Hanika-Ortiz</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	\$0.0-\$100.0	\$0.0-\$50.0	\$0.0-\$150.0	Recurring	Proposed firefighter recruitment fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

House Bill 345 is related to: House Bill 257, House Bill 277, House Bill 327, House Joint Resolution 11, Senate Bill 250, Senate Bill 311, and Senate Bill 369

Sources of Information

LFC Files

Responses to Original Bill Received From

New Mexico Attorney General (NMAG)

Department of Homeland Security & Emergency Management (DHSEM)

No Responses Received From

Association of Counties

New Mexico Municipal League

SUMMARY

Synopsis of HFI#1 Amendment to HLVMC Substitute for House Bill 345

The House Floor Amendment #1 to House Labor, Veterans' And Military Affairs Committee Substitute for HB345 makes money in the fund subject to appropriation by the Legislature; states that the recruitment disbursements are for first-time entry-level firefighters; and requires the rules promulgated by DHSEM to include: 1) a recruitment disbursement schedule, and 2) recapture rules to ensure repayment proportional to the three-year commitment not completed.

Synopsis of Original HLVMC Substitute for House Bill 345

The House Labor, Veterans' And Military Affairs Committee Substitute for HB345 (HB345/HLVMCS) proposes to create a firefighter recruitment fund to provide recruitment

disbursements to firefighters starting employment with a county or municipal fire department, provided they stay three years.

DHSEM will distribute to fire departments sufficient funds to provide recruitment disbursements to firefighters newly employed with their fire departments. Distributions not used for this purpose will revert to the firefighter recruitment fund at the end of each fiscal year. DHSEM will monitor reversions for accuracy. Upon new employment, a firefighter will receive \$5,000.

HB345/HLVMCS includes a definition for “recruitment disbursement” to mean “...the amount disbursed from the firefighter recruitment fund based on the new employment of a firefighter at a fire department, but is not considered salary for the purpose of calculating retirement benefits.”

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

HB345/HLVMCS creates the firefighter recruitment fund which potentially may consist of appropriations from the Legislature, federal grants, and income earned from investing the fund. The fund would be administered by DHSEM to equitably administer recruitment disbursements and produce reports. The fund would not revert to any other fund at the end of a fiscal year. This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds because earmarking reduces the ability of the Legislature to establish spending priorities.

The fund will be used to provide a recruitment disbursement of \$5,000 to firefighters contingent on them remaining with the fire department at least three years. If a recipient fails to complete their term with the fire department, the firefighter would be required to return the disbursement.

The bill does not include an appropriation to begin this recruitment strategy. This bill has the potential to request the need for transfers from the fire fighter retention fund or perhaps, the general fund, in the event money in the fund is not sufficient to cover recruitment disbursements.

The estimated additional operating budget impact table suggests more disbursements in year one, and less so as the fiscal years go by as the recruitment strategy fills long vacant positions.

SIGNIFICANT ISSUES

The State Fire Marshal’s Office (Office) reported there are currently 126 vacancies in Albuquerque, Bernalillo County, Las Cruces City, Dona Ana County, Santa Fe City, and Santa Fe County fire departments. There are likely more vacancies among rural fire departments. The Office also reported there are currently 6,762 career and volunteer firefighters, with 2,321 career firefighters employed by agencies that do not have any volunteer or combination career/volunteer fire departments. This bill may incentivize more volunteer firefighters to become career firefighters.

There were 364.4 thousand career firefighters employed in the U.S. in 2020, a rate of 1.1 career firefighters per 1,000 residents. With 2,321 career firefighters, New Mexico also has a rate of 1.1

career firefighters per 1,000 residents. So, while it is unknown if the nation is facing a shortage of firefighters, or if New Mexico has a higher need, in part due to volunteer firefighters, it may not appear New Mexico is facing a higher shortage than the country as a whole.

PERFORMANCE IMPLICATIONS

In its analysis of the original bill, NMAG commented on the disbursement of \$5,000 “upon new employment:”

This phrase leaves it open to interpretation whether disbursements are available to external hires, internal candidates, or both. Additionally, this may inadvertently encourage firefighters to seek lateral transfers in order to receive a disbursement.

ADMINISTRATIVE IMPLICATIONS

The bill empowers DHSEM to adopt and promulgate rules to enact the provisions of the bill.

To receive the funding, a fire department will be required to make a request to DHSEM prior to June 1 of each fiscal year, on forms and in a manner to be determined through rulemaking.

DHSEM would be required to submit an annual report that would report on the outcome from this recruitment strategy, to both the governor and LFC by December 15 of every fiscal year.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB345/HLVMCS is related to House Bill 257, House Bill 277, House Bill 327, House Joint Resolution 11, Senate Bill 250, Senate Bill 311, and Senate Bill 369.

TECHNICAL ISSUES

NMAG says the bill does not address career firefighters who leave employment prematurely. However, if the goal is to add more career firefighters in the state as a whole, the bill might cap the number of disbursements a firefighter may receive, to one per lifetime.

The bill does not suggest an amount from the fund that may be used for administrative purposes, for instance, no more than 5 percent, to ensure less need for transfers from other funds.

AHO/al/ne/rl/mg