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FISCAL IMPACT REPORT

SPONSOR <u>Gonzales</u>	LAST UPDATED <u>1/30/2024</u> ORIGINAL DATE <u>1/24/2024</u>
SHORT TITLE <u>Regional Council Grant Match</u>	BILL NUMBER <u>Senate Bill 188</u>
	ANALYST <u>Rodriguez</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
				See fiscal impact.		

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Duplicates House Bill 209

Sources of Information

LFC Files

Agency Analysis Received From

Economic Development Department (EDD)
 Department of Finance and Administration (DFA)

Agency Analysis was Solicited but Not Received From

Council of State Government
 New Mexico Counties

SUMMARY

Synopsis of Senate Bill 188

Senate Bill 188 (SB188) removes the matching requirement for regional councils to receive grants-in-aid from the Department of Finance and Administration (DFA).

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

Funds are appropriated to DFA for the agency to make grants-in-aid to recognized regional councils of planning and development districts. Current statute requires a 1-to-1 match, which essentially doubles the amount of funding regional councils have to complete projects or to apply for larger grants. By eliminating the match, regional councils would essentially only have half of

the currently available funds and could rely solely on state funding for projects and grant applications.

SIGNIFICANT ISSUES

Chapter 4, Article 58 outlines the Planning District Act, which establishes state grants-in-aid for financial assistance to designated planning and development districts. There are seven districts in New Mexico.

Regional council of the initial planning and development districts consist of the governing board of any existing economic development district or council of government. Districts must be officially designated by the governor and have a governing board with at least 50 percent of elective officials of local or county governments to qualify for the benefits of the Planning District Act.

DFA reviews district applications for grant-in-aid and ensures that regional councils have adopted budgets for expenditure of state and local funds. Under current statute, regional councils must obtain nonfederal matching funds or services from local governments or private sources of at least equal to the amount of the state grant-in-aid—in other words, a dollar-for-dollar match. This bill removes the match requirement.

The bill keeps language that requires regional councils to submit an audit report to DFA and unexpended state funds to revert to the general fund. The bill keeps language intact that allows state and local funds to be used to qualify for matching federal funds.

Regarding the match requirement, DFA writes:

Several regional councils rely on membership dues to meet the match requirement. The regional councils provide support to local governments most in need that often have low capacity in rural communities. The local governments do not have the funds to pay high membership dues to the regional council to support their match requirement. The regional councils are then forced to seek funding from other sources which takes time away from their ability to assist local governments succeed. Furthermore, any increase in the regional council's grant-in-aid appropriation would trigger an increase to their match requirement amount creating a greater hardship.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill is a duplicate of House Bill 209.

ALTERNATIVES

Instead of completely removing the dollar-to-dollar match requirement, the match could be reduced to a 2-1 match which would still require districts to obtain and invest nonfederal funds or services from local governments or private sources but at a more feasible amount.

JR/al/cf