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FISCAL IMPACT REPORT

SPONSOR: Regensberg DATE TYPED: 02/15/01 HB 352
 SHORT TITLE: Mora Personnel and Prisoner Housing Costs SB _____
 ANALYST: Padilla

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
\$ 130.0				Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 472, HB 294 and HB 547

SOURCES OF INFORMATION

LFC files
 Department of Finance and Administration

SUMMARY

Synopsis of Bill

House Bill 352 appropriates \$130.0 to DFA's Local Government Division for expenditure in fiscal years 2001 and 2002 to assist Mora county in the following areas: 1) housing prisoners (\$100.0); 2) overtime pay for sheriff's department personnel (\$15.0); and 3) sheriff's department training (\$15.0). The bill contains an emergency clause.

Significant Issues

Appropriation requests to support Mora county have been made in the past several legislative sessions. These requests have been related to corrections and other county needs. In 1999, Mora county received two emergency grants from the State Board of Finance totaling \$103.0.

Mora county's jail was closed several years ago and Mora county must house prisoners in other counties, usually San Miguel or Santa Fe. As of mid-fiscal year 2001, Mora county had a \$42.0 deficit in their corrections fund, which they use to reimburse other counties for housing their prisoners. In the previous two fiscal years, Mora county has been averaging a \$75.0 deficit in the corrections fund at the end of the fiscal year. If the county is required to pay for the corrections fund deficit from their general fund without assistance from the state, it will deplete its general fund cash balance and will have to reduce budgeted expenditures

PERFORMANCE IMPLICATIONS

Local government officials are not subject to the performance requirements of the Accountability in Government Act. DFA's Local Government Division (LGD) is, however, part of performance-based budgeting. One of LGD's proposed measures is "the number of local government entities judged to be in good financial condition." DFA should consider passing along to local governments the precepts contained in the Accountability in Government Act to ensure that local governments are accountable for public funds and are focused on the results of their programs.

FISCAL IMPLICATIONS

The bill appropriates \$130.0 from the general fund. DFA notes that the appropriation will help Mora county make up current deficits but will not solve the continuing problem of Mora county's corrections fund. DFA believes Mora county will request financial assistance from the state in future years for these costs.

Any unexpended or unencumbered balance remaining at the end of fiscal year 2002 shall revert to the general fund.

OTHER SUBSTANTIVE ISSUES

The problem of county corrections costs is a perennial issue. Although statute provides for state reimbursement to counties for transportation and extradition of state prisoners, for the last several years, no appropriation has been made for the reimbursement.

Because of Mora county's recurring fiscal difficulties, DFA has lowered the requirement for cash reserves to 2/12ths, instead of the usual 3/12ths. This means the county must keep cash on hand to pay for two months of operational expenses. If the county has to pay for its corrections fund deficit from its general fund without assistance from the state, it will deplete its general fund cash balance.

Mora county has several options to increase county revenues:

1. Increase county property tax rates: Several counties similar to Mora in size and taxable values have higher property tax rates, including Guadalupe, DeBaca and Quay counties.
2. Increase gross receipts tax rates: The county has the statutory authority to impose an additional 1/4th in gross receipts tax rates subject to voter approval. One year ago, DFA estimated that this would raise approximately \$50.0 in additional revenue for general purposes. However, due to the need to hold special elections to obtain voter approval and the statutory timing of the effective dates for increases in gross receipts tax rates, the additional revenue would not be available until fiscal year 2002.

RELATIONSHIP

House Bill 547 and House Bill 294 propose systemic solutions to the problem of county corrections costs by providing counties reimbursement for state prisoner transport costs (HB 547) and state prisoner housing costs (HB 194).

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Senate Bill 472 appropriates \$30.0 to support the Mora county sheriff's department. House Bill 547 requires that the state reimburse counties for 50 percent of the costs of extraditing, transporting and feeding state prisoners. House Bill 294 requires the Corrections Department to reimburse counties for the expense of housing certain state prisoners in county jails.

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