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FISCAL IMPACT REPORT

SPONSOR: Garcia DATE TYPED: 2/05/03 HB 320

SHORT TITLE: Low-Income Home Energy Assistance SB _____

ANALYST: Neel

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$2,400.0			Recurring	LIHEAP Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$(2,400.0)	(See Narrative)	Recurring	General Fund
	\$ 2,400.0	(See Narrative)	Recurring	LIHEAP Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

HB 320 creates a new Low-Income Home Energy Assistance Fund (“LIHEAP Fund”) to provide funding for the low-income home energy assistance program administered by the Human Services Department. HB 320 also creates a new distribution to the Fund from the net receipts at-

tributable to the Oil and Gas Emergency School Tax (“School Tax”). Amounts in the fund would be appropriated by this bill to HSD for purposes of the program.

Significant Issues

TRD notes the calculation in the following manner:

1. A “base amount” would be calculated for each fiscal year as the product of total annual school tax collections in FY 2000 times the ratio representing the increase in the consumer price index (“CPI”) between calendar year 1999 and the calendar year preceding the fiscal year. For example, school tax collections in FY 2000 were \$169.5 million, and the ratio of the CPI for 2003 to 1999 was 1.091, so the base amount for FY 2004 would be \$185 million.
2. Each month, the base amount would be subtracted from the cumulative fiscal year-to-date school tax collections.
3. The new distribution to the LIHEAP Fund would equal 30% of the difference calculated in bullet two, less the cumulative amount already distributed during the current fiscal year. If the distribution formula yields a negative amount, no distribution would be made.

FISCAL IMPLICATIONS

TRD notes a \$2,400.0 impact to the general fund, which would be indexed to the CPI to adjust the base for calculation. Therefore, in periods of hyperinflation the distribution from the school fund may increase significantly. Furthermore, according to TRD, in the last five fiscal years, annual school tax collections have ranged from a low of \$107 million to a high of \$329 million. Under the proposed formula, annual LIHEAP Fund distributions would have ranged from \$0 to as much as \$43.2 million during this period.

TECHNICAL ISSUES

HB 320 does not note which CPI to use in its calculation.

SN/yr:pr