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FISCAL IMPACT REPORT

ORIGINAL DATE 1-24-06

SPONSOR Gonzales LAST UPDATED _____ HB 148

SHORT TITLE Expand Weatherization Programs SB _____

ANALYST Hadwiger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$700.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act for \$800.0 for weatherization. Duplicates/relates to SB24.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Bill 148 appropriates \$700 thousand from the general fund to the Department of Finance and Administration in FY07 for disbursement to the New Mexico Mortgage Finance Authority (MFA) to expand the weatherization assistance program to increase the energy efficiency and reduce energy expenditures of homes occupied by low-income persons in New Mexico. No more than five percent of the appropriation could be used by MFA for administration.

FISCAL IMPLICATIONS

The appropriation of \$700 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 would revert to the general fund.

SIGNIFICANT ISSUES

HSD indicated MFA administers the Department of Energy’s weatherization funds and the Department of Health and Human Services LIHEAP funds for the purpose of weatherizing the homes of low-income New Mexicans. This bill would increase the energy efficiency and reduce energy expenditures of homes occupied by low-income persons in New Mexico.

DFA noted that MFA has been responsible for the weatherization program since 1997. The program serves families earning up to 150 percent of the poverty level. Currently, the national poverty level for a family of four is \$29,025. Therefore, under this program, a family of four earning up to \$36,280 would be eligible for participation in the weatherization assistance program. Weatherization includes such items as replacement of windows, furnaces, and water heaters. Five percent (\$35,000) of the allocation can be used by MFA for administrative costs, leaving \$665,000 for program-related expenses. The average cost to weatherize a house is \$2,800, thus an estimated 235 New Mexican families would have their homes weatherized with this allocation. MFA will award grants to local community organizations that will do the actual weatherization work with MFA providing oversight.

ADMINISTRATIVE IMPLICATIONS

The grant will be administered through DFA which already has the staff and the knowledge to easily fund and monitor this project.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates SB24.

TECHNICAL ISSUES

DFA suggested amending the bill on Line 17 to add the phrase "local government division in the" between “the” and “department”.

OTHER SUBSTANTIVE ISSUES

According to DFA, due to high heating costs, the weatherization program for those more vulnerable populations is desperately needed.

DH/nt