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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/06

SPONSOR Snyder LAST UPDATED _____ HB _____

SHORT TITLE Public Safety Finance Act SB 572

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$100,000.0		Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY08	FY09		
\$100,000.0			Non-Recurring	Public Safety Permanent Fund
	(\$8,000.0)		Recurring	Public Safety Permanent Fund
	\$8,000.0		Recurring	Public Safety Assistance Fund
		\$6,800.0	Recurring	Public Safety Assistance Fund (PSAF)

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total			\$58.5	\$175.5	Recurring	PSAF

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)
New Mexico Corrections Department (NMCD)

SUMMARY

Synopsis of Bill

Senate Bill 572 enacts a Public Safety Finance Act, creates a public safety permanent fund and a public safety assistance fund for the purpose of providing public safety assistance to governmental entities. The funds would provide technology, vehicles and equipment to law enforcement, fire departments and other first responders of qualifying entities, but shall not include operational expenses or buildings. “Qualifying entities” are defined as state agency, county, municipality or a recognized Indian nation, tribe or pueblo wholly or partially located in New Mexico.

FISCAL IMPLICATIONS

Senate Bill 572 appropriates \$100 million from the general fund to the public safety permanent fund for distribution according to provisions of the Public Safety Finance Act. According to the Act, the \$100 million appropriation to the public safety permanent fund would be invested by the State Investment Officer in the same manner that the land grant permanent funds are invested. Earnings from the investment of the public safety permanent funds are to be credited to the public safety assistance fund and shall be used only for an annual distribution to public safety assistance fund. The Act provides that on July 1 of fiscal year 2008, and on July 1 of each fiscal year thereafter, an annual distribution will be made from the public safety permanent fund to the public safety assistance fund in the amount of eighty-five percent of the earnings accrued on the permanent fund in the previous fiscal year. An increase in the annual distribution would require a vote of three-fourths of the members elected to each house of the Legislature.

The public safety assistance fund is created within the New Mexico Finance Authority (NMFA). The NMFA will invest the fund in accordance with its own investment rules and policies. Income from investment of the public safety assistance fund will be credited to the fund. Balances in the fund at the end of a fiscal year shall not revert to the general fund.

SIGNIFICANT ISSUES

Senate Bill 572 requires NMFA to administer the public safety assistance fund, including adopting the necessary rules, procedures, and criteria necessary to carry out the purpose of the Act. The NMFA is required to report on the status of the public safety assistance fund, the applications made by qualifying entities for public safety assistance, and make recommendations for appropriations from the public safety assistance fund to the NMFA Oversight Committee no later than October 1 of each calendar year.

NMFA is required to make recommendations for appropriations made from the public safety assistance fund and report the recommendations to the NMFA Oversight Committee, but the bill does not provide for Legislative authorization to make the allocations to the qualifying entities.

ADMINISTRATIVE IMPLICATIONS

The NMFA indicates it will need to hire one full-time equivalent to administer the proposed public safety assistance fund and estimates it would cost approximately \$58.5 thousand per year.