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FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/08

SPONSOR Wirth LAST UPDATED _____ HB 246

SHORT TITLE Low Income Energy Efficiency Programs SB _____

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$6,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Energy Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Bill 246 appropriates \$3,000.0 from the general fund to The Human Services Department to augment the low-income home energy assistance program and another \$3,000.0 to the New Mexico Finance Authority to support the weatherization-energy efficiency program.

FISCAL IMPLICATIONS

The appropriation of \$6 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

SIGNIFICANT ISSUES

This additional funding could allow HSD to serve over 20,000 additional LIHEAP households at the current average benefit of \$140 (based on \$19 per point); or HSD could increase the average benefit. Another alternative is to use all or a portion of these funds for a special bulk fuel project. The current bulk fuel project began October 1, 2007 and is expected to run for one year or until funding runs out. LIHEAP participants that heat their home with bulk fuels such as

propane, wood, wood pellets fuel oil or coal are eligible for an additional \$300. HSD, through HELP New Mexico is using carry-forward federal funds from FFY 2007 to provide this extra benefit because of increased costs for these fuel types (sometimes as much as 27% increase from last year). These carry-forward funds accrued when HSD used the SFY 2007 state funds provided by the Legislature for most of the SFY 2007 LIHEAP benefits.

Energy and Minerals notes that providing weatherization services is critical to reducing energy expenditures for low income households. According to Oak Ridge National Labs' Joel Eisenberg, low-income families spend 15 percent of their income on energy, compared to three percent for the average family. Savings follows waste, thus those who consume large amounts of energy have great energy efficiency potential. Eisenberg recommends targeting high burden, high usage households, which are those whose energy bills exceed \$2600 per year. Key are energy audits, when performed by trained diagnosticians, to get cost effective weatherization and energy efficiency improvements installed in low-income families' homes. Without weatherization services, low income families will continue to pay high energy bills and need continuing home heating utility assistance.

On weatherization, according to the NM Mortgage Finance Authority, 118,000 New Mexico households are eligible to receive weatherization assistance, yet only one percent per year receives assistance.

MW/bb