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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/10

SPONSOR Heaton LAST UPDATED _____ HB 266

SHORT TITLE Unexpended Funds for NM Recovery Fund SB _____

ANALYST Earnest

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
	See Fiscal Implications Section			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of Bill

House Bill 266 extends through fiscal years 2010 and 2011 the time period for which General Fund balances due to the federal stimulus bill will be deposited in the NM Recovery and Reinvestment Fund instead of reverting to the General Fund.

FISCAL IMPLICATIONS

None anticipated. Laws 2009, Chapter 126 (House Bill 920) established the NM Recovery and Reinvestment Fund to comply with provisions of the federal stimulus bill – the American Recovery and Reinvestment Act (ARRA) – that prohibited states from depositing any stimulus funds in “rainy day” or reserve accounts resulting from the increase in federal Medicaid matching rates, known as the federal medical assistance percentage (FMAP).

At the end of FY09, about \$133 million was deposited in the fund and subsequently transferred to the General Fund to meet FY09 appropriations due to insufficient revenue. The FY10 appropriation for Medicaid programs at HSD and DOH were based on the ARRA-enhanced

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matching rates and it is unlikely any “excess” General Fund revenue will be deposited in the fund at the end of FY10.

The appropriation from the General Fund in House Bill 2 assumes the continuation of the enhanced FMAP rate through the remainder of state fiscal year 2011. It would be also unlikely that the programs will have additional revenue to deposit in this fund for FY11.

Nevertheless, DFA reports that HB 266 provides required state assurance of compliance with the provisions of ARRA related to state reserve or "rainy day" funds. Without such legal assurance, DFA expressed concern that NM may not be permitted to draw down enhanced FMAP.

BE/mew