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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/18/11  
 SPONSOR Miera LAST UPDATED 03/17/11 HB 395/aHHGAC/aHFL#1  
 SHORT TITLE Fire Protection & Jurisdictional Lines SB \_\_\_\_\_  
 ANALYST Lucero

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Insignificant	Insignificant	Insignificant	Recurring	Fire Protection Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of HFL #1 Amendment

House Floor Amendment #1 to House Bill 395 as amended by House Health and Government Affairs Committee (HHGAC) more fully implements the intent of the HHGAC amendments to add Indian nations, tribes and pueblos as beneficiaries of the Fire Protection Law throughout the bill and statute.

The HFL amendment also clarifies that when servicing adjacent and contiguous districts, in order to qualify for disbursements from the fire protection fund, an Indian nation, tribe or pueblo must obtain by resolution or law consent from the county or municipality that is to be serviced and identify the boundaries of the service area.

The HFL amendment clarifies that vouchers paid to a qualifying tribal fire district from the fire fund shall be expended under the direction of chief executive of the tribe, or the chief's designee. Finally, tribes will be required to enter into a joint powers agreement with the Fire Marshal to clarify the proper procedure for the recovery of funds expended for purposes not expressly authorized.

#### Synopsis of HHGAC Amendment

House Health and Government Affairs Committee (HHGAC) amendment adds "Indian nations, tribes and pueblos" as eligible beneficiaries of the Fire Protection Law.

Synopsis of Original Bill

House Bill 395 amends Chapter 59A, Article 53, the Fire Protection Fund Law, to allow a municipality's fire department to service an area adjacent and contiguous to its corporate limits provided that the other municipality or county consents to it. A municipality may apply for fire protection fund eligibility for any fire station located within the additional area to be serviced.

The bill also specifies that any municipality may apply for fire protection eligibility for a fire station at a municipal owned airport whether outside or within its corporate limits.

**FISCAL IMPLICATIONS**

The HHGAC amendment adds tribal fire stations to the fire protection funding formula. Although there is no significant impact to the state, local fire districts may receive a reduced allocation from the fire protection fund. With a somewhat fixed funding level, more fire stations participating in the funding formula may dilute the amount each fire district may receive from the fire protection fund. The Fire Marshal projects only a handful of tribes would be added as eligible beneficiaries and as such, any additional administrative cost could be absorbed by the current funding level.

The original bill does not have any additional fiscal implications to state or local governments. The formula determining the total amount to be distributed from the fire protection fund to all fire departments would not change.

**SIGNIFICANT ISSUES**

The HFL amendments address concerns regarding tribal sovereignty and the expenditure of fire protection funds.

A survey by the Fire Service Support Bureau of the Fire Marshal Division of PRC collected GPS coordinates for every fire station in New Mexico for identification and homeland security purposes. Through that effort it was discovered that some stations are not geographically located within the proper boundaries. It was also noted that some municipalities own airports with fire stations outside of the legal corporate boundaries of the municipality. Without a change in the current law those stations will no longer qualify for funding.

Currently the law allows local governments to enter into agreements whereby fire departments can cooperate beyond local government boundaries. However, it limits funding of specific stations to those that are located only within the government's legal boundaries. This bill updates the statute to what is occurring in the field.

**ADMINISTRATIVE IMPLICATIONS**

Although the HHGAC amendment would qualify additional tribal fire departments or districts as eligible beneficiaries of the fire protection fund, the Fire Marshal estimates that only a handful of tribes would do so. Most tribal fire departments or districts already receive funds from the fire protection fund as part of county or municipal districts.

With only a few new eligible beneficiaries, the additional oversight from the State Fire Marshal's

Office including certifications, inspections, audits, etc is estimated to be low and may be absorbed into the current operating budget.

## **RELATIONSHIP**

Relates to:

- HB 563 “Fire Protection Fund Delayed Increases”
- SB 505 “Expand Fire Protection Fund Uses”

## **OTHER SUBSTANTIVE ISSUES**

The State Fire Marshal reports:

New Mexico has experienced a significant change in demographics and population growth throughout the state. In many areas it makes sense that a municipality locates a station outside of a corporate boundary and for a county to locate a station within a municipality. It may even be prudent, in some cases, for a local government to provide fire protection services for certain areas of an adjoining local government’s legal territory, by mutual agreement. When such agreements are made, the entity providing the services should not be penalized by being unable to receive funding for any station constructed in that area.

## **ALTERNATIVES**

Consolidate/Reduce the number of fire districts statewide. According to the PRC, there are 393 fire districts statewide that differ in size, structure, service ability, and funding. Several cities and counties including Los Angeles and San Diego have initiated studies on the efficiency and cost of fire protection services in their area. The Los Angeles study identified a, “...complex patchwork of intertwining boundaries, narrow corridors, and isolated islands” where “If the boundaries of the 43 jurisdictions which operate fire departments could be ignored, (the study) estimates that 48 of the 378 stations now in operation could be closed with no deterioration in service. The annual operating cost of these superfluous stations ranges from \$8.7 to \$10.9 million and the capital and equipment investment cost is approximately \$7.2 million”.

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