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FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/11

SPONSOR Stewart LAST UPDATED _____ HB 461

SHORT TITLE Energy Efficiency Act Provisions and Bonds SB _____

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
\$0.0	\$0.0	\$0.0		

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
ENNRD Total	NFI	NFI	\$30.0	\$30.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with Senate Bill 237

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Bill 461 (HB 461) would amend the Energy Efficient and Renewable Energy (EERE) Bonding Act (§6-21D NMSA 1978) to include local governments, including counties and incorporated municipalities. The bill would increase the funds available for EERE purposes through the New Mexico Finance Authority (NMFA) from \$20 million to \$150 million, and allow the local government to request an energy efficiency assessment of local government buildings by the Energy, Minerals and Natural Resources Department (EMNRD) in conjunction with the Local Government Division of the Department of Finance and Administration.

HB 461 defines legally available gross receipts tax revenue and the requirements for local governments to obligate the portion of their gross receipts taxes that will be committed to repayment of the bonds. HB 461 requires that the New Mexico Finance Authority (NMFA) transfer any balance above the estimated amounts in the EERE bonding fund to the general fund except for the gross receipts tax revenue pledged and accounted for in a separate fund for the local government. Any excess in the local government account that is not needed during the next twelve-month period for debt service and other potential costs is to be refunded to the local government.

The bill would require the NMFA to maintain a separate account in the fund for each pledge by a county or municipality. If the amount in such a separate account exceeds a semiannual estimate of the amount needed during the next 12 months for debt service and other potential costs related to the bonds, the excess shall be refunded to the county or municipal government.

FISCAL IMPLICATIONS

The EMNRD had the following comments on the potential fiscal impact of the bill.

HB 461 fiscal impact is indeterminate and would depend on the terms for issuing the bonds for the local governments, number of assessments performed and the timing of projects. For example, energy efficiency assessment funding is not provided to conduct the energy assessments and unless the local government or municipality has funding available to conduct the energy assessment, the project will not be initiated.

A certification of the energy assessment is required by EMNRD to determine eligibility and authorize the New Mexico Finance Authority to issue bonds. EMNRD does not have funding available for energy assessments at this time. In addition, ECMD staff time to accomplish the review and certification of the energy assessments would require about 0.33 FTE per year, resulting in a fiscal impact to EMNRD of about \$30,000 per year. EMNRD does not anticipate local government energy assessments to be completed prior to fiscal year 2013.

SIGNIFICANT ISSUES

The EMNRD reports the current EERE Bonding Act covers state buildings and public school buildings in New Mexico. This bill expands the coverage to include local government buildings including counties and municipalities. This bill will expand the amount of money available for

these projects from \$20,000,000 to \$150,000,000.

PERFORMANCE IMPLICATIONS

The EMNRD states if local governments are given this option to finance energy efficiency and renewable energy projects for their facilities, they will be able to reduce their energy expenditures and emissions from conventional sources of energy currently used.

ADMINISTRATIVE IMPLICATIONS

The EMNRD is required to certify all energy audits performed pursuant to this act, so the potential exists for a substantial increase in the department's workload if this bill is enacted.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 461 conflicts with Senate Bill 237 (SB 237) that would expand the scope of the EERE Bonding Act (§6-21D NMAC) to include post-secondary educational institutions and extends to 25 years the term a contract may be entered into for the installation of energy efficient measures identified in the energy assessment. HB 461 does not include post secondary institutions and does not extend the contract term to 25 years.

The EMNRD notes that if this bill is not enacted, local governments will not be able to take advantage of the EERE Bonding Act as a source to fund energy efficiency and/or renewable energy projects for their facilities.

JCH/svb