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FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/12

SPONSOR Martinez, R. LAST UPDATED _____ HB _____

SHORT TITLE Residential Energy Conservation Program SB 92

ANALYST Chabot

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	\$1,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 Energy, Minerals and Natural Resources Department (EMNRD)
 New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 92 appropriates \$1.0 million from the general fund to the DFA for the purpose of providing through the New Mexico Mortgage Finance Authority (MFA) weatherizing of homes occupied by low-income persons to increase the energy efficiency and reduce energy expenditures. Not more than five percent of the appropriation may be used for administrative purposes. The bill is endorsed by the interim Mortgage Finance Authority Act Oversight Committee.

FISCAL IMPLICATIONS

The appropriation of \$1.0 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall revert to the general fund.

The appropriation is deemed non-recurring because it is a multi-year appropriation. MFA requests the appropriation be changed to only FY13 because the federal funding may not be available to augment the appropriation. The LFC staff suggests the funding could all be used in FY13 and additional funds could be requested for FY14.

SIGNIFICANT ISSUES

MFA estimates 200 homes could be weatherized with the appropriation; however, the need is for 85,000 homes. Since 2009, largely because of a \$27 million grant funded from the American Recovery and Reinvestment Act of 2009, more than 4,000 homes have been winterized.

DFA provides individuals and families are awarded weatherization services, by service providers, based on an application process. Preference is give to persons over 60 years of age, persons with disabilities and, in some cases, families with children. If someone in the household receives Supplement Security Income and/or Temporary Assistance to Needy Families, they are automatically eligible to receive services under the program. Lastly, families at or below 200 percent of the federal poverty level qualify for weatherization services.

ENMRD states the amount spent per low-income average \$5,000.

ADMINISTRATIVE IMPLICATIONS

Not more than five percent of the appropriation maybe used for administrative expensive of the MFA.

TECHNICAL ISSUES

Line 21 states “homes occupied by low-income persons” but this term is not defined. Recommend an income ceiling be specified or state in terms of the federal poverty level.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

MFA estimates 54 FTE or approximately 150-200 employees from sub-grantees will lose their job.

GAC/svb:amm