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FISCAL IMPACT REPORT

SPONSOR Martinez ORIGINAL DATE 1/25/18
LAST UPDATED _____ HB _____
SHORT TITLE Residential Energy Conservation Program SB 118
ANALYST Amacher

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$1,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 118 appropriates \$1 million from the general fund to the Department of Finance and Administration for expenditure in fiscal years 2019 and 2020 for the New Mexico Mortgage Finance Authority (MFA) to provide for a residential energy conservation program to increase the energy efficiency and reduce energy expenditures of homes occupied by low-income persons in New Mexico. No more than ten percent of this appropriation shall be used for administrative expenses. Any unexpended or unencumbered balances remain at the end of fiscal year 2020 shall revert to the general fund. This bill is endorsed by the Mortgage Finance Authority Act Oversight Committee. If enacted, the effective date of this legislation is May 16, 2018.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a nonrecurring expense to the general fund for expenditure in fiscal years 2019 and 2020. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

This appropriation will support an estimated 165 homes statewide of low-income resident weatherization through the MFA's NM EnergySmart program. The MFA expects to leverage this appropriation, as it has in the past, by five to one with the federal Department of Energy's weatherization assistance program and the Low-Income Home Energy Assistance program.

Administrative costs are capped at ten percent (10 percent) of this appropriation. The MFA reports the ten percent will be split equally to recover the MFA's administrative costs and those of its service providers.

SIGNIFICANT ISSUES

The MFA anticipates this appropriation will complete whole-house weatherization for approximately 165 homes statewide through the NM EnergySmart program. On average weatherization through this programs saves between \$250 and \$450 per year for a low-income household. Weatherization ensures homes have adequate heat, windows and safe living conditions to many seniors on fixed incomes, low-income families with children, and rural areas of the state where housing stock tends to be older and deteriorating. The MFA reports an estimated 39 percent (307,000) households statewide are eligible for weatherization support through NM EnergySmart.

This program utilizes nationally accepted DOE weatherization program standards. Furthermore, the MFA has secured matching federal dollars through the DOE and the Low-Income Home Energy Assistance program. Currently, MFA eathersizes approximately 1,000 homes per year using funds from both federal program, local utilizes, and other sources. The American Recovery and Reinvestment Act (ARRA) provided the initial capital needed to fund the program in 2010. ARRA funds have been fully and successfully expended, yet the state has not reinstated funds for NM EnergySmart to date.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

MFA notes that approximately 165 additional homes of low-income New Mexicans will not be weatherized. These homeowners will continue to live in substandard conditions and pay high energy bills.

JMA/al