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## FISCAL IMPACT REPORT

**SPONSOR** Ruiloba **ORIGINAL DATE** 2/3/19  
**LAST UPDATED** 3/4/19 **HB** 330/aHJC/ec

**SHORT TITLE** Training Law Enforcement For School Resources **SB** \_\_\_\_\_

**ANALYST** Edwards

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
\$0.0	(\$313.6)	(\$313.6)	Recurring	General Fund
\$0.0	\$313.6	\$313.6	Recurring	Beneficiaries of the Law Enforcement Protection Fund

(Parenthesis ( ) Indicate Revenue Decreases)

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

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0.0	Unknown cost to DPS, but likely substantial	Unknown cost to DPS, but likely substantial	Unknown cost to DPS, but likely substantial	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**\* Under current law, as of January 1, 2020, virtually no revenue will flow into the Law Enforcement Protection Fund. However, this was not reflected in the December 2018 consensus revenue estimate, against which FIRs are scored (see Fiscal Implications).**

Relates to House Bill 154 and House Bill 162

#### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

#### Responses Not Received From

Public Education Department (PED)

Department of Public Safety (DPS)

## SUMMARY

### Synopsis of HJC Amendment

The House Judiciary Committee Amendment to House Bill 330 strikes the phrase “before entering into the duties of a school resource officer” from Section 1, “Law Enforcement Officers as School Resource Officers,” and adds the language "who is or will be assigned as a school resource officer" to the list of eligible officers.

The amendment also adds a new subsection C to Section 1, which requires that, beginning in the 2020-2021 school year all school resource officers must complete the training required by this bill within nine months of being assigned as a school resource officer. The amendment also requires that officers who already are school resource officers must complete the required training by April 1, 2021.

The amendment strikes the reference to “school district” in Section 4 of the bill as being eligible for distributions from the LEPPF.

Lastly, the amendment adds an emergency clause.

### Synopsis of Original Bill

House Bill 330 proposes the following amendments:

- Adds a new section to statute with specific law enforcement certification and training requirements for law enforcement officers who serve as school resource officers
- Amends the Law Enforcement Protection Fund (LEPF) Act to allow school district police departments to apply for the current \$600 per certified officer distribution in addition to \$1,000 for each school resource officer to receive the required training proposed in the bill.

There is no effective date of this bill, so it is assumed that if enacted, the bill would be effective 90 days after the 2019 regular session ends.

## FISCAL IMPLICATIONS

### Fiscal Implications of HJC Amendment

The HJC amendment removes “school districts” as entities DFA should consider the needs of for distributions from the general fund (Section 4(A)).

The amendment does not remove this language from Section 4(C)(5), however, meaning school district police officers will be eligible for \$600 per officer distributions. This amendment will not have an effect on distributions from the fund as intended by HB 330.

Additionally, municipal, sheriff, and school district police departments who assign of officers as school resource officers are also still eligible for a \$1,000 per officer distribution from the Law Enforcement Protection fund (Section 4(C)(6)).

Fiscal Implications of Original Bill

Under current law, as of January 1, 2020, virtually no revenue will flow into the law enforcement protection fund. Chapter 57 of Laws 2018 (HB 223) removed “taxes” from the distribution to the fund of 10 percent “of all the money received for fees, licenses, penalties and taxes from life, general casualty and title insurance business...” (Section 29-13-3 NMSA 1978). (See below for additional information on the current distributions.) This change, effective January 1, 2020, leaves only the distribution of 10 percent of fees, licenses, and penalties, which is likely to be little more than 1 percent of current distributions to the fund.

However, this was not reflected in the December 2018 consensus revenue estimate because the fiscal analysis for House Bill 223 did not reflect this change; the economists involved in the revenue forecasts recently became aware of this issue. Since FIRs are scored against the most recent revenue estimate, this is temporarily scored assuming existing distributions continue, but the scoring will be updated when the mid-session revenue update is released.

DFA explains that currently, school district police departments are not funded through the LEPF, so the Public Education Department (PED) was contacted to obtain a statewide school resource officer count. Because there is no specific job code for school resource officers on budget and financial reports submitted to PED, and some of those officers are not school employees but are contracted with a local law enforcement agency, the statewide impact of House Bill 330 is estimated as follows:

- Albuquerque Public Schools (APS) does have a police department which employs 53 school resource officers.
- APS makes up approximately 27 percent of the most current 40th Day statewide membership count.
- Using the 27 percent, it is estimated that there could be 196 school resource officers statewide who would be entitled to both the \$600 per officer and \$1,000 per officer distributions included in House Bill 330 which results in to a LEPF distribution of \$313,600.

Furthermore, there are proposed increases contained in the related House Bill 154 that would create an additional fiscal impact of approximately \$5.4 million annually to the LEPF. One of the increases in House Bill 154 is to increase the current \$600 per certified officer distribution to \$1,000 per officer. Should both House Bill 154 and House Bill 330 be enacted, there would be a conflict as to the per certified officer distribution entitlement amount applicable to school resource officers.

DPS did not provide a fiscal analysis for this bill; however, it will most likely cost the department to create and implement a training academy for these officers. It is also assumed that since FY19 LEPF distributions have already been made and the bill takes effect at the end of the FY19, no distributions will be made until FY20.

**SIGNIFICANT ISSUES**

DFA states:

The most significant issues affecting House Bill 330 are its negative fiscal impact to the state

general fund and the uncertainties surrounding the amount of annual revenue received by the LEPF.

Under current statute, the June 30 balances in the LEPF revert to the state general fund. The additional LEPF distributions included in House Bill 330 are estimated to decrease the annual reversion by \$313,600. The reversions from LEPF to the state general fund in the past 3 years have been significant and contributed towards balancing the general fund budget when revenues generated by the oil and gas industry dramatically declined. The FY16 reversion was \$15.3 million; the FY17 reversion was \$18.4 million and the FY18 reversion was \$13.7 million.

The LEPF is funded from 10 percent of all money received for fees, licenses, penalties, and taxes from life, general casualty, and title insurance business pursuant to the New Mexico Insurance Code. This implies that the revenue received will fluctuate from year to year depending on volume of related insurance business activity.

Because changes in the insurance industry can make it difficult to make accurate annual revenue projections for the LEPF, Section 29-13-4.D NMSA 1978 does allow the DFA Local Government Division (LGD) to proportionately reduce authorized allocations insofar as is necessary to avoid a negative fund balance.

The training requirements contained in House Bill 330 would help school resource officers to be better prepared to provide law enforcement in a school setting which has very specific needs related to providing school safety and crime prevention and appropriate response to crimes.

## **ADMINISTRATIVE IMPLICATIONS**

If House Bill 330 is enacted, the DFA Local Government Division (LGD) will be required to update the LEPF Rule, 2.110.3 New Mexico Administrative Code, to include the new distribution amounts for school resource officers contained in this bill.

## **OTHER SUBSTANTIVE ISSUES**

Section 29-13-4.B NMSA 1978 requires that transfers to the peace officers' survivors fund be made from LEPF balances as necessary to maintain a minimum \$350,000 balance in the peace officers' survivors fund. It is difficult to project the transfer amount needed for a given fiscal year. For example, in FY17, \$1 million was transferred from LEPF to the peace officers' survivors' fund. When a law enforcement officer is killed in the line of duty, the officer's family receives a \$350 thousand payment. Any additional requirements on the LEPF could impact the ability to support the survivors' fund.

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