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FISCAL IMPACT REPORT

ORIGINAL DATE 1/21/19

SPONSOR Martinez, R. C. **LAST UPDATED** _____ **HB** _____

SHORT TITLE Low-Income Energy Conservation Program **SB** 45

ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$2,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in SB 280, Capital Outlay Expenditures for \$1,000.0.
Relates to HB 82 and SB 46, Home Rehab for Certain Veterans

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 45 appropriates \$2,000.0 from the general fund to the Department of Finance and Administration for expenditure in FY20/21 by the New Mexico Mortgage Finance Authority to provide residential energy conservation of homes occupied by low-income persons in New Mexico.

FISCAL IMPLICATIONS

The appropriation contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY21 shall revert to the general fund.

The appropriation will provide funding for the New Mexico EnergySmart program administered by MFA to complete whole-house weatherization for approximately 300 low-income homes throughout New Mexico, based on an average cost of \$6,000 per home. MFA reports in past years, state appropriations leveraged five to one with the Department of Energy's (DOE)

weatherization assistance program and Low-Income Home Energy Assistance program (LIHEAP) funding. MFA expects to similarly leverage this appropriation.

SIGNIFICANT ISSUES

According to MFA, many low-income families live in homes with inadequate heat, leaky or missing windows and unsafe living conditions. As a result, low-income households may spend up to 16 percent of their monthly budgets on utility costs compared to four percent for homeowners with higher incomes. Weatherization through NM EnergySmart results in utility bill cost savings of between \$250 and \$550 per year for low-income households. DOE research shows that for every one dollar invested in weatherization, \$2.51 is returned to households and the local economy.

There are consistently 2,000 or more households on the NM EnergySmart waiting list statewide, indicating that MFA can easily expend this appropriation. Based on income and disability eligibility, more than 200,000 New Mexico households are eligible for weatherization through NM EnergySmart. The program is especially important for seniors living on fixed incomes, low-income families with children, and rural areas of the state where housing stock tends to be older and in greater need of weatherization.

PERFORMANCE IMPLICATIONS

According to MFA, approximately 1,000 homes per year are weatherized using funds from DOE weatherization assistance program, LIHEAP, local utilities and other sources. NM EnergySmart utilizes nationally accepted DOE weatherization program standards. The program has been recognized for best practices, and led to the development of the NM EnergySmart Academy at Santa Fe Community College, which is accredited by the Interstate Renewable Energy Council in four weatherization certificates.

RELATIONSHIP

Duplicates Appropriation in SB 280, Capital Outlay Expenditures for \$1,000.0.

Relates to HB82 and SB46, Home Rehab for Certain Veterans

OTHER SUBSTANTIVE ISSUES

SB45 is endorsed by the Mortgage Finance Authority Act Oversight Committee

JL/sb