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## FISCAL IMPACT REPORT

SPONSOR Padilla ORIGINAL DATE 2/13/19  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE National Guard Death Benefit Act SB 287  
ANALYST Edwards

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
\$0.0	\$1,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Department of Military Affairs (DMA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 287 establishes the National Guard Death Benefit Fund to allow the Department of Military Affairs to pay death benefits pursuant to the National Guard Death Benefit Act. The survivor shall be paid \$100 thousand as a supplemental death benefit. DMA will be appropriated \$1 million in FY20 and subsequent years from the general fund. Any unexpended or unencumbered funds shall not revert to the general fund.

### FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a recurring appropriation. Any unexpended or unencumbered balance remaining at the end of the fiscal year shall not revert to the general fund.

#### Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

The Department of Military Affairs explained, thankfully, no National Guard or State Defense Force members have passed away while on state active duty, at least in recent times.

LFC has concerns the bill as currently written could create large fund balances. For example, if this bill had been passed five years ago there would now be \$5 million in the fund with no payouts and interest accrued.

### **SIGNIFICANT ISSUES**

Currently, National Guard and State Defense Force members are not covered by any type of death benefits when called to State Active Duty by the Governor of New Mexico.

### **TECHNICAL ISSUES**

The bill could be amended to allow investment of the fund by the State Investment Council and require collaboration with the Superintendent of Insurance to determine the sufficient fund balance required to become actuarially sound to pay the requested benefits.

TE/gb/sb