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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Herrera/Dixon/Brown/Sariñana/Ortez</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>1/29/24</u>
	<b>BILL</b>
<b>SHORT TITLE</b> <u>Regional Council Fund Match Requirement</u>	<b>NUMBER</b> <u>House Bill 209</u>
	<b>ANALYST</b> <u>Rodriguez</u>

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

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
				See fiscal impact		General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

Duplicates Senate Bill 188

### Sources of Information

LFC Files

Agency Analysis Received From  
 Economic Development Department (EDD)

Agency Analysis was Solicited but Not Received From  
 Department of Finance and Administration (DFA)  
 Council of State Government  
 New Mexico Counties

## SUMMARY

### Synopsis of House Bill 209

House Bill 209 (HB209) removes the matching requirement for regional councils to receive grants-in-aid from the Department of Finance and Administration (DFA).

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

## FISCAL IMPLICATIONS

Funds are appropriated to DFA for the agency to make grants-in-aid to recognized regional councils of planning and development districts. Current statute requires a 1-to-1 match, which

essentially doubles the amount of funding regional councils have available to complete projects or to apply for larger grants. By eliminating the match, regional councils would essentially only have half of the currently available funds but could rely solely on state funding for projects and grant applications.

## **SIGNIFICANT ISSUES**

Chapter 4, Article 58, of state statute outlines the Planning District Act, which establishes state grants-in-aid for financial assistance to seven designated planning and development districts.

The regional councils of the initial planning and development districts consist of the governing board of any existing economic development district or council of government. Districts must be officially designated by the governor and have a governing board with at least 50 percent of elective officials of local or county governments to qualify for the benefits of the Planning District Act.

DFA reviews district applications for grant-in-aid and ensures that regional councils have adopted budgets for expenditure of state and local funds. Under current statute, regional councils must obtain nonfederal matching funds or services from local governments or private sources of at least equal to the amount of the state grant-in-aid—in other words, a dollar-for-dollar match. This bill removes the match requirement.

The bill keeps language that requires regional councils to submit an audit report to DFA and unexpended state funds to revert to the general fund. The bill keeps language intact that allows state and local funds to be used to qualify for matching federal funds.

In 2023, DFA was appropriated \$2 million for capacity building grants for councils of government and local government for hiring grant writers or managers or for grant compliance assistance.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

This bill is a duplicate of Senate Bill 188.

## **ALTERNATIVES**

Instead of completely removing the dollar-to-dollar match requirement, the match could be reduced to a 2-1 match which would still require districts to obtain and invest nonfederal funds or services from local governments or private sources but at a more feasible amount.

JR/ss/hg/ss