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## FISCAL IMPACT REPORT

SPONSOR: Fidel DATE TYPED: 02/28/01 HB \_\_\_\_\_  
 SHORT TITLE: Training Academy Use Fee Fund SB 3/aSPAC/aSFC  
 ANALYST: Valenzuela

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
					Newly created fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 50.0	\$ 50.0	Recurring	Other State Funds

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of SFC Amendment

The Senate Finance Committee amendment deletes the section of the bill that makes an appropriation to the newly created fund. The effect of the amendment is that it lessens the revenue pressure on the State Fire Marshal's Office. It will no longer be required to earned the \$50.0 that was originally appropriated by the bill. Rather, the SFMO will be able to accomplish the goals of the original bill and collect any revenues generated for expenditure pursuant to budget adjustment authority or appropriation made in the General Appropriation Act.

The revenue estimate of \$50.0 remains the unchanged.

## Senate Bill 3/aSPAC/aSFC-- Page 2

### Synopsis of SPAC Amendment

The Senate Public Affairs Committee (SPAC) amendment to Senate Bill 3 makes one change, which is replacing the “Public Regulation Commission” with the “State Fire Marshal”. The effect of the amendment is to allow the State Fire Marshal control over the revenue and expenditures for the “Training Academy Use Fee Fund.”

### Synopsis of Original Bill

Impacting the New Mexico Firefighter Training Academy of the Public Regulation Commission (PRC), Senate Bill 3 would create a new fund called the “Training Academy Use Fee Fund”. The bill contains two sections.

Aside from creating the fund, Section 1 qualifies the fund as a non-reverting fund and designates that any fees charged by the Firefighter Training Academy for its services shall be deposited into the fund. These revenues, including interest earnings, are available to be appropriated for operating or capital expenses of the Academy.

Section 2 appropriates \$50.0 from the fund to the Academy. Senate Bill 3 also grants the Academy broad budget adjustment authority, allowing the agency to increase its budget from available cash balance in the fund for FY02.

### Significant Issues

The Firefighter Training Academy is located in Socorro, New Mexico. Its purpose is to provide structural firefighting, hazardous materials, and arson investigation training to prospective and practicing firemen. The Academy does not provide training on wildland firefighting techniques.

According to the Academy, it has the capability to provide training courses to private companies, other states, and foreign countries, who have made inquiries about the Academy’s services. Senate Bill 3 gives the Academy the authority to begin to provide these services to organizations, who are willing to pay for its services. Existing law [Section 59A-52-6, NMSA 1978] requires the Academy to provide these services free-of-charge to New Mexico’s firefighting organizations such as rural and municipal fire departments. The Academy is funded from an annual appropriation from the Fire Protection Fund.

### **FISCAL IMPLICATIONS**

Senate Bill 3 carries a \$50.0 appropriation from the fund to the Academy. At this point, however, the \$50.0 is based on the Academy generating \$50.0 in revenue during FY02. In essence, enactment of the bill would give the Academy authority to expend \$50.0 or more if is able to generate this level revenue. In fact, if the revenue does not materialize, the Department of Finance and Administration (DFA) will require the agency to decrease its budget.

### Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. As a matter of policy, the LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities. However, the language in Senate Bill 3 is broad enough to ensure that discretionary appropriating power remains in the Legislature’s domain.

**ADMINISTRATIVE IMPLICATIONS**

Senate Bill 3 will have a considerable impact on the Academy and its mother organization, the Public Regulation Commission (PRC). To implement the program, the PRC will have to promulgate rules to better define the services provided, associated fees, and available training times. The Firefighter Training Academy, communicated to LFC staff, that it had developed a business plan for implementation of these fee-for-service proposal. Unfortunately, the LFC staff has not received a copy, and consequently is unable to provide any analysis on the proposal.

**OTHER SUBSTANTIVE ISSUES**

Revenue projections, i.e., the appropriation, have not been based on sound estimation principles. Until the Firefighter Training Academy provides substantial supporting documentation to validate its initial projections, the LFC does not endorse the projections, and rather simply reports the amount.

**POSSIBLE QUESTIONS**

How many classes does the Academy project it can provide, while ensuring that it has met its statutory mission of training New Mexico firemen?

How will the Academy charge and how much for its services?

MFV/ar:sb