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## FISCAL IMPACT REPORT

**SPONSOR** Gonzales **ORIGINAL DATE** 01/20/16  
**LAST UPDATED** \_\_\_\_\_ **HB** 132

**SHORT TITLE** Low-Income Residential Energy Conservation **SB** \_\_\_\_\_

**ANALYST** Amacher

### APPROPRIATION (dollars in thousands)

| Appropriation |           | Recurring<br>or Nonrecurring | Fund<br>Affected |
|---------------|-----------|------------------------------|------------------|
| FY16          | FY17      |                              |                  |
|               | \$1,000.0 | Nonrecurring                 | General Fund     |

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: HB 53

### SOURCES OF INFORMATION

LFC Files  
New Mexico Mortgage Finance Authority (MFA)  
Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

House Bill 132 makes a nonrecurring appropriation of \$1 million from the general fund to the Department of Finance and Administration for expenditure in fiscal years 2017 and 2018 for the New Mexico Mortgage Finance Authority (MFA) to provide for residential energy conservation program. This program is to provide low-income households a means to increase the energy efficiencies and reduce energy expenditures. No more than ten percent of this appropriation shall be used for administrative expenses. Any unexpended or unencumbered balances remaining at the end of fiscal year 2018 shall revert to the general fund. This bill is endorsed by the Mortgage Finance Authority Act Oversight Committee.

### FISCAL IMPLICATIONS

House Bill 132 makes a nonrecurring appropriation of \$1 million from the general fund for expenditure in fiscal years 2017 and 2018 for the New Mexico Mortgage Finance Authority (MFA) to provide low-income households a means to increase energy efficiencies and reduce energy expenditures. This appropriation will support an estimated 165 homes statewide of low-income resident weatherization through the MFA's NM EnergySmart program. MFA expects to

leverage this appropriation, as it has in the past, by five to one with the federal Department of Energy's weatherization assistance program and the Low-Income Home Energy Assistance program.

Administrative costs are capped at 10% (\$100) thousand of this appropriation. The MFA reports the 10 percent will be split equally to recover MFA's administrative costs and those of its service providers. Any unexpended or unencumbered balances remaining at the end of fiscal year shall revert to the general fund.

### **SIGNIFICANT ISSUES**

The MFA anticipates this appropriation will complete whole-house weatherization for approximately 165 homes statewide through the NM Energy\$mart program. On average weatherization through this program saves between \$250 and \$450 per year for low income household. Weatherization ensures homes have adequate heat, windows and safe living conditions to many seniors on fixed incomes, low-income families with children, and rural areas of the state where housing stock tends to be older and deteriorating. MFA reports an estimated 42 percent or 323,000 households statewide are eligible for weatherization support through NM Energy\$mart.

The program is administered by the MFA utilizing nationally accepted DOE weatherization program standards. Furthermore MFA has secured matching federal dollars through the DOE and the Low-Income Home Energy Assistance program. The appropriation of \$1 million in HB 132 would reinstate state appropriations for the program since 2009. The American Recovery and Reinvestment Act provided the capital needed to fund the program in 2010 and 2011. MFA's second priority on the Infrastructure Capital Improvement Plan is for a recurring \$1 million from fiscal years 2017 to 2021.

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

Relates to: HB 53 which creates a new Low-Income Home Energy Assistance Fund with a recurring revenue source.

JMA/jle