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FISCAL IMPACT REPORT

SPONSOR Altamirano DATE TYPED 2/4/04 HB _____

SHORT TITLE Children's Trust Fund Income SB 381

ANALYST Maloy

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
\$100.0	\$100.0		See Narrative	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
(\$100.0)	(\$100.0)	Ongoing	Recurring	Local Programs fund through the Children's Trust Fund; See Narrative

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (amended FIR pursuant to 2/5/04 mtg.)

SUMMARY

Synopsis of Bill

Senate Bill 381 amends Section 24-19-4, NMSA 1978 to allow revenue received by the Children's Trust Fund to be dispersed as one-half for programs and one-half to the corpus of the fund.

The bill contains an emergency clause.

Significant Issues

- The Children's Trust Fund is financed through marriage license fees (\$15), the sale of a

special Children's Trust Fund license plate (\$25) and an annual general fund appropriation of \$164.0. The Children's Trust Fund is administered by CYFD.

- The original enabling act creating the Fund provided revenue to the Fund would be distributed at one-half to child abuse and neglect programs and one-half to the Fund's corpus.
- **The enabling act provided, however, that this division of dispersions would change in 1997. In 1997, the dispersions were to be ALL to the corpus and interest only to programs.**
- The Children, Youth and Families Department is responsible for administration of the fund. Regrettably, the Department overlooked the change in distributions that was to begin in 1997. This oversight was noted in the Department's most recent audit.
- The Department would like to have the law amended to **reinstate the pre-1997 distributions of one-half to programs and one-half to corpus.**
- The Department estimates a loss of approximately \$100.0 (thousand) annually to local abuse and neglect programs if the law is not amended to the pre-1997 distribution.
- The Children's Trust Fund currently contracts with thirteen programs throughout New Mexico.

FISCAL IMPLICATIONS

The bill proposes changing the distribution language of the Children's Trust Fund enabling act. It does not contain an appropriation. However, if the Department loses approximately \$100.0 thousand annually in Fund revenue to support abuse and neglect programs throughout the state, the general fund may be looked to for maintaining current services levels.

ADMINISTRATIVE IMPLICATIONS

The administrative implications would not be *directly* felt by the Children, Youth and Families Department, or any other state agency. The impact would be felt by local programs and communities receiving support through the Fund. When services cannot be received at the local level, those in need will look to the state for aid. This will tax the various state agencies' resources.

OTHER SIGNIFICANT ISSUES

- The Children, Youth and Families Department understands the New Mexico Finance Authority to be advising the Department seek \$800.0 (thousand) in one-time, non-recurring funds to repay the Children's Trust Fund for the revenue inadvertently mis-spent from the Fund from 1997 – 2003.
- It is expected the Department will pursue a special appropriation for repayment of the Fund.

- Repayment through a non-recurring, non-general fund revenue source may make sense. It is expected the Executive has one-time funds that would meet this need.

POSSIBLE QUESTIONS

It is not being argued that the Fund will not continue to be viable if the \$800.0 is not repaid. Therefore, why pursue repayment? Arguably, the law could be changed to re-instate the pre-1997 distributions, and the mis-spent funds “written-off” as having gone to support necessary programming needs in the state.

SJM/yr