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FISCAL IMPACT REPORT

SPONSOR Lundstrom DATE TYPED 02/0305 HB 224/aHBIC

SHORT TITLE Amend Individual Development Account Act SB _____

ANALYST Hadwiger

APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	250.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Human Services Department (HSD)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of HBIC Amendment

The amendment would reduce the size of the advisory committee from 19 to 10 by eliminating nine representatives of specified organizations. The amendment adds a subcommittee on financial independence and asset building, consisting of seven members appointed by the director of the Local Government Division of the Department of Finance and Administration (DFA), including representatives of the New Mexico Mortgage Finance Authority, New Mexico Small Business Development Center, New Mexico Small Business Investment Corporation, credit unions, nonprofit organizations that promote asset building with low-income populations, the Public Education Department, and the Economic Development Department. The amendment also allows the Lieutenant Governor to appoint a designee should she opt to do so.

Synopsis of Original Bill

House Bill 224 would expand and help focus the advisory committee for the individual development account program. Currently, the advisory committee has nine members, including the

lieutenant governor, the director or designee (ex officio) and eight members appointed by the governor to represent the state geographically. Under HB224, the committee would continue this membership (with the director or designee as a full member) as well as nine representatives from the New Mexico Finance Authority, Public Education Department, Human Services Department, Economic Development Department, Office of Workforce Development, Bureau of Business and Economic Research at the University of New Mexico, the New Mexico Small Business Investment Corporation, health care industry, and nonprofit organizations that promote asset building with low-income populations.

HB224 appropriates \$100,000 from the general fund in FY06 to the Local Government Division (LGD) of the Department of Finance and Administration to pay for the expenses of the individual development advisory committee. The bill appropriates an additional \$150,000 from the general fund to LGD to carry out the purposes of the Individual Development Account Act. Any unexpended or unencumbered balance remaining at the end of FY06 would revert to the general fund.

Significant Issues

The Economic Development Department noted this bill will help to more effectively access and utilize federal dollars available to economically disadvantaged New Mexicans to learn about personal savings and financial management.

The Human Services Department indicated individual development accounts are one possible component of the Department's Temporary Assistance for Needy Families program.

FISCAL IMPLICATIONS

The appropriation of \$250,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

OTHER SUBSTANTIVE ISSUES

DFA indicated that a different bill, SB285, transfers responsibility for administration of the Individual Development Account from the DFA to the new Office of Workforce Training and Development. Due to lack of staff DFA/LGD supports the transfer of the administration to the Office of Workforce Training and Development who currently manage similar programs.

DH/lg