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FISCAL IMPACT REPORT

SPONSOR Lujan DATE TYPED 02/16/05 HB 488

SHORT TITLE Weatherization Assistance Program SB _____

ANALYST Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$200.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB87.

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

House Bill 488 appropriates \$200 thousand from the general fund to the Department of Finance and Administration (DFA) in FY06 to expand the weatherization assistance program.

Significant Issues

HB488 would expand funding for weatherization services from \$800,000 per year at present to \$1 million. Weatherization funds are used to increase the energy efficiency of homes occupied by low-income people and to improve the health and safety of the household members. The program is administered by MFA under a memorandum of understanding with DFA and operated through community-based nonprofit organizations statewide. The funding contained in this bill would complement the federal Weatherization Assistance Program funded by the U.S. Department of Energy and federal Low Income Housing Energy Assistance Program (LIHEAP), both currently administered by MFA.

Federal funding for weatherization programs has declined in recent years. The President's proposed budget for next year would reduce LIHEAP funding by \$85 million. The state's appropriation for weatherization services declined from \$1 million in previous years to \$800 thousand in fiscal year 2005.

According to MFA, low-income homes statewide are in dire need of weatherization services. In 20003-04, federal funds totaled \$1.7 million, providing weatherization services for 472 units statewide.

FISCAL IMPLICATIONS

The appropriation of \$200,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2006 would revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

If funding is approved, DFA would enter into a Memorandum of Understanding with MFA for administration of the funds.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates SB87.

POSSIBLE QUESTIONS

1. What would be the impact on state weatherization programs if the President's proposed budget for LIHEAP were adopted?

DH/lg