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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/07

SPONSOR Taylor, J.G. LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Expanding the Weatherization Assistance Program SB 328

ANALYST Leger

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$2,500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB 114

### SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 328 appropriates \$2.5 million from the general fund to the Department of Finance and Administration (DFA) in FY08 for disbursement to the MFA to expand the weatherization assistance program to increase the energy efficiency and reduce energy expenditures of homes occupied by low-income persons in New Mexico. No more than five percent of the appropriation may be used by MFA for administrative expense.

### FISCAL IMPLICATIONS

The appropriation of \$2.5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the general fund.

## **SIGNIFICANT ISSUES**

According to MFA this bill provides additional funding to the weatherization assistance program (WAP) which increases the energy efficiency and reduces the residential energy costs of homes occupied by low-income people, while improving their health and safety.

## **PERFORMANCE IMPLICATIONS**

The current (2006-2007) weatherization assistance program which began July 1, 2006 has received funding from Department of Energy (DOE), Department of Finance and Administration (DFA), and Energy Efficiency Act (PNM). As of January 1, 2007 the MFA had not received Low Income Home Energy Assistance Program (LIHEAP) funds from the Department of Health and Human Services (HSD), although MFA anticipates funds will be received. Funding breakdown is as follows:

DOE - \$1,857,690  
DFA - \$ 800,000  
PNM - \$ 823,453  
LIHEAP - \$ 710,219

This bill will increase DFA portion of funds to \$3.3 million. Should this bill be passed the total combined funds would assist 2,600 households.

## **ADMINISTRATIVE IMPLICATIONS**

The MFA will continue to administer the program.

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

Duplicates SB114. Senate Bill 114 appropriates \$1 million from the general fund to the Department of Finance and Administration in FY08 for disbursement to the New Mexico Mortgage Finance Authority (MFA) to expand the weatherization assistance program to increase the energy efficiency and reduce energy expenditures of homes occupied by low-income persons in New Mexico. No more than five percent of the appropriation may be used by MFA for administrative expense.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

According to MFA this bill proposes to address the substantial unmet demand for weatherization assistance throughout the state. Accordingly, a direct consequence of not enacting this bill would be a reduction of 800 units to the number of low-income households that could be assisted. The result is more of those household being faced with high energy bills and continuing health and safety hazards in their homes. Combined savings for energy and non-energy benefits in 2006 show weatherization returns at \$2.69 for every \$1 invested.

Funding in the Weatherization program is heavily leveraged, meaning that \$1 in funding from the State can actually mean as much as \$3 to the program. Without the proposed funding, subgrantees will be forced to lay off employees which will be a detriment to the numbers of households being assisted by all of the other funding sources.