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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/21/08

SPONSOR Carraro LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE National Guard Emergency Assistance Fund SB 203

ANALYST Peery-Galon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$5,000.0	Non-Recurring	General Fund

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	\$5,000.0		Non-Recurring	National Guard Emergency Assistance Fund

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
 State Treasurer's Office (STO)  
 Veterans' Services Department (VSD)

No Response Received From  
 Department of Military Affairs

### SUMMARY

#### Synopsis of Bill

Senate Bill 203 creates the National Guard Emergency Assistance Fund in the State Treasury. The fund is to consist of transfers, appropriations, gifts, grants, donations and bequests made to the fund. Income from the fund and repayments of loans made from the fund is to be credited to the fund, and money in the fund is not to revert or be transferred to any other fund at the end of a fiscal year. The fund is to be a revolving fund for the purpose of making loans and money in the fund is appropriated to the Veterans' Services Department for that purpose. Expenditures from

the fund shall be made on warrant of the Secretary of Finance and Administration pursuant to vouchers signed by the Secretary of Veterans' Services. The Veterans' Services Department is to implement and maintain a program for providing low-interest loans to members of the New Mexico National Guard who are serving on active duty. Eligible criteria and terms of the loans are to be set by rule of the department, provided that the rules allow a spouse to obtain a loan if the National Guard member is unavailable because of active duty service.

Senate Bill 203 appropriates \$5,000.0 from the general fund to the National Guard Emergency Assistance Fund, for expenditure in fiscal year 2009 and subsequent fiscal years, for the purpose of providing loans pursuant to the provisions of Section 1 of the act.

### **FISCAL IMPLICATIONS**

The appropriation of \$5,000.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

#### Continuing Appropriations language

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

STO states unless creation of the National Guard Emergency Assistance Fund creates an undue administrative burden in the Investment Division, there will be no fiscal impact to the Cash Management Division.

VSD states the \$5 million appropriation from the general fund would start the program with hopes that it would become self-sustaining through interest on the loans collected.

### **SIGNIFICANT ISSUES**

VSD reports members of the New Mexico National Guard and their families would benefit from the proposed legislation. These loans would assist families when one of the incomes is lost due to deployment of the soldier.

### **PERFORMANCE IMPLICATIONS**

VSD states the number of loans would need to be tracked and added to the outcomes to be presented to the Legislative Finance Committee on a yearly basis.

### **ADMINISTRATIVE IMPLICATIONS**

VSD reports it would have to create forms, determine interest rates, dedicate at least 2 FTE, promote the program, set up loan criteria, and create payment schedules.

### **TECHNICAL ISSUES**

VSD questions what interest rate would be used for the loans. Would it be tied to the Prime Interest, and how long would the loan terms be? VSD notes it would have to work with the

Public Regulation Commission to set up interest rates, repayment schedules and loan criteria to stay within the banking rules of the state.

**OTHER SUBSTANTIVE ISSUES**

The proposed legislation creates in the State Treasurer’s Office the National Guard Emergency Assistance Fund. State Treasurer’s Office reports that under the Statewide Human Resources, Accounting and Management Reporting System (SHARE), such funds are established by the Department of Finance and Administration (DFA) in SHARE. Currently, DFA notifies the State Treasurer’s Office when a fund created by statute is established in SHARE. Although the SHARE system has modified the manner in which funds are “created in the treasury”, the State Treasurer has the same statutory responsibilities and duties of oversight and monthly interest allocations.

**ALTERNATIVES**

VSD states since this would be geared to assist the National Guard, it may be better to fund this program within the Department of Military Affairs.

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