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FISCAL IMPACT REPORT

SPONSOR Martinez, R. **ORIGINAL DATE** 1/19/08
LAST UPDATED 1/22/08 **HB** _____

SHORT TITLE Residential Energy Conservation Program **SB** 211

ANALYST Leger

APPROPRIATION (dollars in thousands)

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

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 211 appropriates \$5 million from the general fund to the Department of Finance and Administration for expenditure in FY09 & FY10 for disbursement to the New Mexico Mortgage Finance Authority (MFA) to provide a residential energy conservation program to increase the energy efficiency and reduce energy expenditures of homes occupied by low-income persons in New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY10 shall revert to the general fund. No more than five percent of the appropriation may be used by MFA for administrative expense. MFA will expend the funds over a two-year period to create and implement a residential energy conservation program for low-income households.

SIGNIFICANT ISSUES

According to MFA this bill provides additional funding to the New Mexico Energy Smart program 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

MFA reports the following funding for NM EnergySmart (Weatherization Assistance Program):

FUNDING FOR 2007

DOE	\$1,874,902	(received 7/07)
STATE Funding (DFA Budget)	\$ 800,000	(received 10/07)
LIHEAP Funding	\$ 710,000	(received 2/07)
LIHEAP Funding	\$ 693,506	(received 6/07)
PNM Gas Energy Efficiency Act Funding	\$ 823,453	(received 12/07)
<i>Total Funding:</i>	<i>\$5,126,861</i>	

PRODUCTION

1607 homes have been weatherized with this funding from the months of 7/06 through 6/07

PROPOSED FUNDING FOR 2008

DOE	\$1,714,483	
STATE (DFA Budget)	\$ 800,000	
LIHEAP	\$1,402,056	
PNM Gas Energy Efficiency Act Funding	\$ 823,453	(1/1/08 – 12/31/08)
PNM Electric Energy Efficiency Act Funding	\$ 225,000	(1/1/08 – 6/30/08)
PNM Electric Energy Efficiency Act Funding	\$ 450,000	(7/1/08 – 6/30/09)

If the requested funding of \$5,000,000 is added into the estimates, it would equate to approximately 1,800 additional households being assisted. Without the funding requested, that many households would not receive assistance.

ADMINISTRATIVE IMPLICATIONS

The MFA will continue to administer the program.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

According to MFA this bill proposes to address the substantial unmet demand for energy conservation assistance throughout the state. Accordingly, a direct consequence of not enacting this bill would be a reduction of 1,800 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 shows NM Energy Smart returns at \$2.69 for every \$1 invested. At current prices, home energy savings average \$358 per year.

Funding in the NM Energy Smart 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.

JLL/mt