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FISCAL IMPACT REPORT

ORIGINAL DATE 2/18/09

SPONSOR Begaye LAST UPDATED _____ HB 609

SHORT TITLE Tribal Fire Protection Fund Eligibility SB _____

ANALYST Francis

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI	Recurring	Fire Protection Grant Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission – State Fire Marshal (PRC)
Indian Affairs Department (IAD)

SUMMARY

Synopsis of Bill

House Bill 609 amends the Fire Protection Fund Law to include tribal fire stations as eligible beneficiaries, require that the fire marshal and any tribe receiving a distribution from the fire protection fund have a joint powers agreement (JPA) in place, and adds a representative of a tribe with a fire station appointed by the governor to the fire protection grant council.

There is no effective date so the effective date is June 19, 2009.

FISCAL IMPLICATIONS

According to PRC, there could be as many as 150 new stations added to the grant list. The total amount available, however, for all fire districts does not change and so the funding for these new stations would be at the expense of other stations.

SIGNIFICANT ISSUES

The fire protection fund is funded from insurance premium taxes on property and vehicle insurance policies.

According to the State Fire Marshall,

Native American fire departments have access to the Fire Protection Fund currently by agreeing to be administered by county governments and providing services through a county wide fire suppression system. Such agreements are legalized by resolutions of the counties. Numerous Native American fire departments are already receiving state funding in Otero, Rio Arriba, San Juan, McKinley, Cibola and Sandoval counties.

It is unclear what the status of those Native American fire departments already receiving funding would be upon implementation of this Act. Property and apparatus are titled to the counties and possibly could be claimed by the counties. If county resolutions creating Native American departments become void, those departments could be left without any apparatus or equipment and be required to reestablish without state funding through a one year probationary period.

IAD, however, reports that many tribal areas are near sensitive and populated areas and because of the lack of adequate fire resources present a significant fire danger. According to IAD, “an assessment of the emergency management services currently provided on tribal land reveals that only 6 out of 22 tribes have full-time emergency management coordinators. Of the 22 tribes in New Mexico, on 9 have fire department resources. This reduces a tribal community’s ability to respond effectively to emergency situations as well as limits their ability to work with other tribal, local, county and state fire departments and districts to address regional fire safety and emergency management issues.”

ADMINISTRATIVE IMPLICATIONS

The State Fire Marshal has raised concerns that issues may arise due to Indian Nation sovereignty and the Marshal’s ability to enforce rules regarding training and expenditure requirements that are attached to the grants fire stations receive. The Marshal has concerns about how a JPA will work.

The Legislative Finance Committee has adopted the following principles to guide responsible and effective tax policy decisions:

- 1. Adequacy:*** revenue should be adequate to fund government services.
- 2. Efficiency:*** tax base should be as broad as possible to minimize rates and the structure should minimize economic distortion and avoid excessive reliance on any single tax.
- 3. Equity:*** taxes should be fairly applied across similarly situated taxpayers and across taxpayers with different income levels.
- 4. Simplicity:*** taxes should be as simple as possible to encourage compliance and minimize administrative and audit costs.
- 5. Accountability/Transparency:*** Deductions, credits and exemptions should be easy to monitor and evaluate and be subject to periodic review.

More information about the LFC tax policy principles will soon be available on the LFC website at www.nmlegis.gov/lcs/lfc

COMPANIONSHIP

IAD:

HB 609 is a companion bill to HB 53 Tribal and Pueblo Emergency Management Services (appropriating \$5,000,000 specifically for Indian Nations, tribes and pueblos), and HB 608 Indian Nation Emergency Medical Services (including tribes in the distribution of funds from the State Emergency Medical Services Fund along with municipalities and counties).

NF/mt