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FISCAL IMPACT REPORT

ORIGINAL DATE 2/23/09

SPONSOR T Garcia LAST UPDATED _____ HB 718

SHORT TITLE Small City Data For Fund Distribution SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 Department of Finance and Administration (DFA)
 Department of Health (DOH)
 State Treasurer (STO)

SUMMARY

Synopsis of Bill

House Bill 718 amends 3-37A-3 NMSA 1978 to replace the Local Government Division of the Department of Finance and Administration with the Bureau of Business and Economic Research (BBER) as the body responsible for certifying to the Taxation and Revenue Department the population of each municipality in the state to determine distribution from the small cities assistance fund.

FISCAL IMPLICATIONS

House Bill 718 has no apparent fiscal impact for the State of New Mexico.

SIGNIFICANT ISSUES

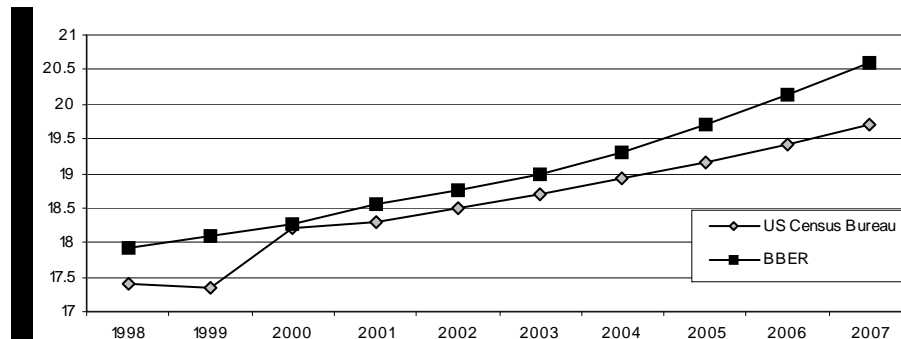
The DFA notes that the local government division does not track or produce population data banks, and should not have the statutory requirement to certify population counts to the Taxation and Revenue Department. By amending the language to “bureau of business and economic

research located at the university of New Mexico” the Taxation and Revenue Department would get this information directly from the source.

The DOH states:

Population estimates produced by BBER are believed to be more accurate than the U.S. Census Bureau estimates that are used by the Local Government Division. The figure below shows the difference in US Census Bureau intercensal population estimates compared to BBER during 1998 to 2007.

New Mexico population estimates generated by US Census Bureau and the Bureau of Business and Economic Research, University of New Mexico, 1998-2007



It is important to note the discrepancy in estimates for the American Indian population, a demographic that makes up 11% of the New Mexico population. It is believed that this population, in particular, is underestimated by the current U.S. Census Bureau methodology of “raking”, where population strata are re-distributed across the United States. This can result in a state-level underestimate of minority populations. The BBER is implementing methodology to more accurately estimate New Mexico populations utilizing numerous data sources such as birth and death records, motor vehicle records and housing (and pre-fabrication housing) records. The resulting estimates are shown below, by year.

American Indian population estimates in New Mexico generated by US Census Bureau and the Bureau of Business and Economic Research, University of New Mexico, 2000-2006

	US Census Bureau	BBER	Difference
2000	178,665	194,821	16,156
2001	181,818	198,950	17,132
2002	184,239	202,432	18,193
2003	186,883	205,717	18,834
2004	188,609	212,034	23,425
2005	190,052	219,773	29,721
2006	190,826	223,258	32,432

For these reasons, BBER has received state funding to generate population estimates for New Mexico. In the future, it is expected that estimates generated by BBER will be accepted by the U.S. Census Bureau prior to producing the national population estimates.

ALTERNATIVES

The DOH suggest that It could be helpful if HB718 required documentation of methodology used by BBER for population estimation at the municipality level.

GH/mt