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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/21/13

SPONSOR Griggs LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Law Enforcement Protection Fund Distribution SB 573

ANALYST Chenier

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	(\$2,600.3)	(\$2,600.3)	Recurring	General Fund
	\$2,600.3	\$2,600.3	Recurring	Local Law Enforcement Agencies

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to HB 252, Law Enforcement Fund and Retirement

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 573 increases amounts distributed from the Law Enforcement Protection Fund (LEPF) to local law enforcement agencies in the following amounts:

County Classification	Population	Current Distribution	Proposed Distribution
1	0 to 20,000	\$20,000	\$30,000
2	20,001 to 160,000	\$30,000	\$40,000
3	160,001 to 1,280,000	\$40,000	\$60,000

Additionally, distributions to university police departments will increase from \$17.0 thousand to \$25.5 thousand. Distributions to tribal police departments will increase from \$600 to \$900 per commissioned officer in the tribe. Distributions to county sheriff's departments, municipal police departments, and university police departments will increase from \$600 to \$900 unless distributions are adjusted due to insufficient balances in the fund.

## **FISCAL IMPLICATIONS**

Unexpended balances in the LEPF revert to the state general fund; therefore, any increases in distributions from the fund will decrease the reversion amount. The LFC is concerned expenditure needs will exceed revenues in future years.

The DFA stated that based on the number of officers in local law enforcement agencies funded in FY13, it is estimated that changes in SB 573 would increase distributions as follows:

- County sheriff's office distributions would increase by \$733.7 thousand
- Municipal police department distributions would increase by \$1,7 million
- Tribal police department distributions would increase by \$65.1 thousand
- University police department distributions would increase by \$74.7 thousand

The estimated total increase in the LEPF distributions is \$2.6 million.

## **SIGNIFICANT ISSUES**

The LEPF is funded with ten percent of insurance premium surtaxes. Unencumbered balances at the end of a fiscal year are reverted to the general fund. The LEPF reverted \$8.2 million to the general fund at the end of FY12.

Based on the history of Section 29-13-4 NMSA 1978, the LEPF distribution rates have not been adjusted since 1993. The rate of inflation between 1993 and 2011 was approximately 50 percent and the increase in distribution rates match the 50 percent inflation rate.

The DFA stated that a larger LEPF distribution will allow smaller police departments to purchase police vehicles in the same fiscal year in which an LEPF distribution is made. Historically, smaller police departments have requested approval from the DFA's Local Government Division to carryover a fiscal year's distribution so that it can be combined with the following fiscal year's distribution in order to have sufficient funding to purchase police vehicles and the necessary equipment for vehicles.

EC/svb:blm