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FISCAL IMPACT REPORT

SPONSOR Cote ORIGINAL DATE 01/23/14
LAST UPDATED _____ HB 39

SHORT TITLE Low-Income Residential Energy Conservation SB _____

ANALYST Geisler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$1,000.0	Nonrecurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates: Senate Bill 85

SOURCES OF INFORMATION

LFC Files

Responses Received From

Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

House Bill 39 appropriates \$1 million from the general fund to the Department of Finance and Administration for the MFA for expenditure in fiscal years 2015 and 2016 to provide for 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 \$1 million appropriation would be used to fund the MFA's EnergySmart program which supports energy conservation projects for low-income households. No more than five percent of the appropriation will be used by MFA for administrative expenses and any unexpended balance at the end of FY2016 will revert to the General Fund. Based on current and prior years of administering the NM EnergySmart program, there should be no additional operating budget impact on MFA that is not covered by the appropriation in HB 39.

In past years, MFA has leveraged state appropriations five to one with Department of Energy (DOE) Weatherization and Low Income Home Energy Assistance program (LIHEAP) funding. MFA expects to similarly leverage the state appropriation in HB 39.

SIGNIFICANT ISSUES

MFA notes that a \$1 million appropriation will provide funding for NM Energy\$mart to complete whole-house weatherization for approximately 200 homes throughout New Mexico, resulting in job creation and significant cost and energy savings for low-income households. Many low-income families live in homes with inadequate heat, leaky or missing windows and unsafe living conditions. As a result, low-income households may spend up to 17 percent of their monthly budgets on utility costs compared to four percent for homeowners with higher incomes. Weatherization through the NM Energy\$mart program has resulted in savings up to \$400 per year in the energy bills of low-income households. DOE research shows that for every one dollar invested in weatherization, the community receives \$2.87 in additional benefits.

PERFORMANCE IMPLICATIONS

MFA administers the NM Energy\$mart program using a combination of DOE Weatherization and LIHEAP funds, with additional funding from local utilities. From 2005-2009, the state appropriated funds on an annual basis for NM Energy\$mart. MFA did not request state appropriations in 2010 or 2011 because it received substantial funding for NM Energy\$mart from the American Recovery and Reinvestment Act (ARRA) during that period. While ARRA funds have been fully and successfully expended, the state did not appropriate requested funds for NM Energy\$mart in 2012 or 2013, and DOE weatherization funds have been cut substantially. As a result, the amount of funding and number of homes weatherized has fallen dramatically. In calendar year 2013, MFA weatherized only 783 homes statewide, compared to 1,319 in calendar year 2012.

MFA notes that reinstating state appropriations for NM Energy\$mart is more important than ever, not just because of diminished funding from other sources but also because of urgent unmet need. MFA estimates that more than 85,000 homes in New Mexico are eligible for weatherization through NM Energy\$mart. The program is especially important for seniors living on fixed incomes, low income families with children, and rural areas of the state where housing stock tends to be older and in greater need of weatherization.

ADMINISTRATIVE IMPLICATIONS

NM Energy\$mart is administered by MFA using nationally accepted DOE Weatherization program standards. The program has been recognized for best practices, and led to the development of the NM Energy\$mart Academy at Santa Fe Community College, which is now accredited by the Interstate Renewable Energy Council in four weatherization certificates.

DUPLICATION

House Bill 39 is duplicated by Senate Bill 85.

GG/ds