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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/14

SPONSOR K. Martinez LAST UPDATED _____ HB 270

SHORT TITLE Veteran, Seniors & Native American Services SB _____

ANALYST Cerny

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$ 250.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate	Indeterminate	Indeterminate	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 270 appropriates \$250 thousand from the General Fund to the Local Government Division of the Department of Finance and Administration for transitional housing, financial literacy assistance and credit repair for Veterans, Senior Citizens, and Native Americans

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund.

DFA analysis states, “HB 270 would require DFA to increase its operational budget to ensure that expenditures are covered related to responsibilities outlined beyond the appropriation amount” but the agency was unable to provide figures for additional operating expense. It would require at least one additional attorney on staff with expertise in real estate law.

SIGNIFICANT ISSUES

HB 270 appropriates funding to DFA’s local government division to provide “transitional housing, financial literacy assistance and credit repair to veterans, senior citizens and Native Americans.”

DFA analysis interprets these responsibilities to mean technical assistance (transitional housing, and financial counseling), legal (housing law), direct and indirect costs (oversight) to the named groups.

DFA analysis states: “If DFA was to assume operations for transition housing and financial counseling, the expenses associated with the new responsibilities would include the need to increase DFA capacity related to training, staffing and technical assistance. The New Mexico Mortgage Finance Authority is a quasi-public entity that provides financing for housing and other related services.”

PERFORMANCE IMPLICATIONS

HB 270 does not identify performance measures associated with program requirements related to transitional housing, financial literacy assistance and credit repair. The DFA states that it would need to increase its operating budget and FTE to carry out the proposed activities.

ADMINISTRATIVE IMPLICATIONS

DFA analysis states that the Local Government Division of DFA does not have the capacity or expertise to carry out housing law, credit counseling and financial literacy assistance.

DFA also would have to draft regulations associated with fiscal oversight of operational activities, produce updates, and report to other regulatory agencies.

CAC/jl