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FISCAL IMPACT REPORT

ORIGINAL DATE 2/17/15
 LAST UPDATED 2/20/15 HB _____

SPONSOR Pritle

SHORT TITLE Increase Relocation Payments SB 453

ANALYST A. Sánchez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	See Narrative					

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

- Department of Transportation (NMDOT)
- Department of Cultural Affairs (DCA)
- State Land Office (SLO)
- Public Schools Facilities Authority (PSFA)
- Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Bill 453 increases the amount of actual reasonable expenses to reestablish a displaced farm or business from \$10 thousand to \$25 thousand Section 42-3-5 NMSA 1978 (Relocation Payments), increases the election of fixed payments of not less than \$1 thousand and not more than \$20 thousand to not more than \$40 thousand; increases additional payments from \$22.5 thousand to \$31 thousand and increases payments to tenants from \$5,250 to \$67,200.

FISCAL IMPLICATIONS

The bill would result in increased costs to the state relating to payments for displacing businesses or residents or farmers. However, there is no data available as to how much the state has had to pay for displacing businesses, residents or farmers.

According to DFA, increasing relocation payments as provided in this bill may increase state agency outlays to displaced persons, but it may also increase the amount of federal funds New

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Mexico is able to receive as a result of its matching funds conforming with new federal limits.

There would be no fiscal implications to NMDOT if SB 453 is enacted since relocation assistance payments made by NMDOT are subject to full reimbursement by the Federal Highway Administration.

SIGNIFICANT ISSUES

DOT reports that recent amendments to the Uniform Relocation Assistance and Real Property Acquisition Act, 42 U.S.C. §§ 4601, et seq. and the corresponding federal regulations (49 C.F.R. Part 24) governing the payment of relocation assistance benefits to persons and businesses displaced as a result of highway improvement projects have resulted in increased maximum payment amounts and a reduction of the occupancy requirement for displaced property owners and tenants from 180 to 90 days. The current state law provisions governing maximum relocation payments and occupancy requirements incorporate the former federal requirements. If enacted, SB 453 would bring the state law provisions into compliance with the new federal requirements and would ensure federal participation in projects involving relocation of displaced persons or businesses.

DFA reports that the proposed changes in SB 453 would enable New Mexico statute (NMSA 1978) to conform with federal law related to several provisions of Section 1521 of the Moving Ahead for Progress in the 21st Century Act (MAP-21) that change payment limits and replacement housing payment eligibility criteria in the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), effective October 1, 2014.

According to DCA, the sections of law proposed for amendment increasing compensation amounts have not been updated since 1989.

OTHER SUBSTANTIVE ISSUES

Actual reasonable expenses” to reestablish dwellings and farm operations will be difficult to estimate given the variations in market cost, especially relative to commodities.

RELATIONSHIP

Relates to the General Appropriation Act.

ABS/bb