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FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino ORIGINAL DATE 02/02/2020
LAST UPDATED 02/06/2020 HB _____

SHORT TITLE Foreclosure Prevention Counseling SB 162/aSJC

ANALYST Dick-Peddie

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$2,300.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of SJC Amendment

The Senate Judiciary Committee strikes the phrase “to work in cooperation with the state bar of New Mexico” on page 1, lines 18 and 19.

Synopsis of Bill

Senate Bill 162 appropriates \$2.3 million dollars from the general fund to the Administrative Office of the Courts for the purpose of assisting parties in mortgage foreclosure cases in the 2nd and 13th judicial district courts with coordination from the New Mexico State Bar. The appropriation is for FY21, but remaining balances may be used in subsequent fiscal years.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

There are two Foreclosure Settlement Programs in New Mexico, one in the 2nd Judicial District and one in the 13th Judicial District. The program offers mediation and counseling services to

parties facing mortgage foreclosure. Mediators, typically from the New Mexico State Bar” work with both creditors and homeowners to navigate the foreclosure process to expedite cases, saving time and resources. According to the Administrative Office of the Courts, (AOC) In FY19, the 2nd Judicial District Court settled 87 percent of almost 1,000 foreclosure cases through the program, and the 13th Judicial District Court settled about 70 percent of a similar number of cases.

Though SB162 makes a one-time appropriation, the foreclosure settlement programs within the 2nd and 13th judicial districts are on-going, and funding for the programs should be included in the respective courts operating budgets.

The appropriation of \$2.3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY21 shall not revert to the general fund.

SIGNIFICANT ISSUES

Senate Bill 162 as amended does not specify what amount of the \$2.3 million appropriation is to be distributed between the two existing foreclosure settlement programs, or what criteria would be used to determine the amount each program receives. Neither the bill or agency analysis specifies what amount is to be distributed in FY21 versus subsequent fiscal years. The amendment strikes “to work in coordination with the state bar of New Mexico”, but does not clarify if service providers from the state bar would still receive compensation from the appropriation.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The 2nd and 13th district courts will have to reallocate existing resources to maintain foreclosure settlement programs.

ADP/al