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## FISCAL IMPACT REPORT

SPONSOR Pirtle ORIGINAL DATE 2/4/2020 HB \_\_\_\_\_  
LAST UPDATED \_\_\_\_\_  
SHORT TITLE Limit General Fund Appropriations, CA SJR 9  
ANALYST Graeser

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	\$125.0 -\$150.0		\$125.0-\$150.0	Non-recurring	General Fund

Parenthesis ( ) indicate expenditure decreases

Conflicts with HJR5

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Joint Resolution

Senate Joint Resolution 9 proposes to amend Article 4 of the New Mexico Constitution (Legislative Department) to limit the legislature's ability to increase general fund appropriations for the operations of state government. The general fund appropriation limit is 5 percent of the previous ten year's average total general fund appropriations.

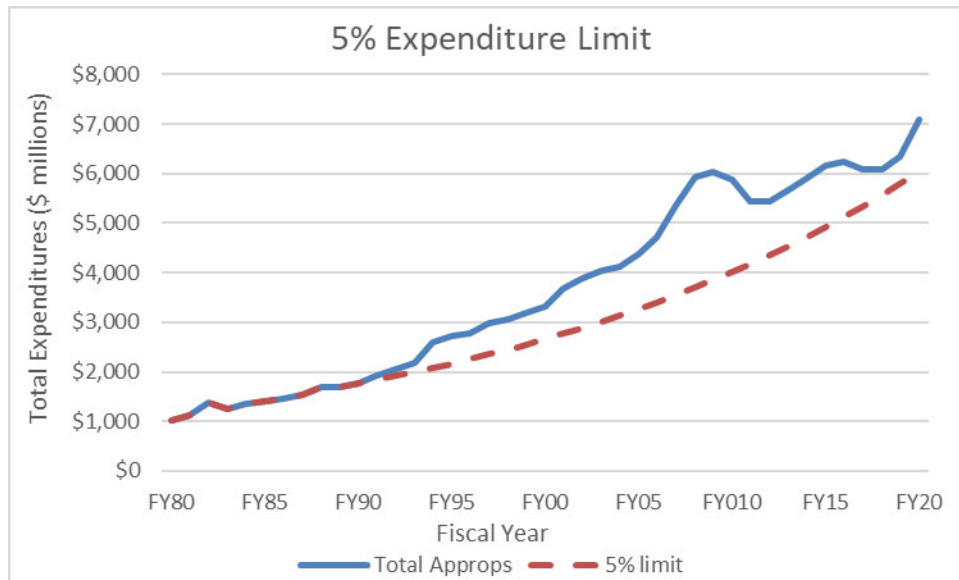
There is no effective date of this bill. It is assumed that the effective date is 90 days after this session ends (May 20, 2020). The question would be decided by voters in the 2020 general election in November.

### FISCAL IMPLICATIONS

LFC has assembled a long-term history of general fund appropriations and/or operating budgets from FY80 forward. If the initial 10-year period were from FY80 to FY89, then the following chart illustrates the effect of this proposal, had it been in place from FY90 forward.

Under Section 1-16-4 NMSA 1978, SOS is required to print the full text of each proposed constitutional amendment, in both Spanish and English, in an amount equal to ten percent of the registered voters in the state. SOS is also constitutionally required to publish the full text of each proposed constitutional amendment once a week for four weeks preceding the election in newspapers in every county in the state. The estimated cost per constitutional amendment is

\$125 thousand - \$150 thousand, depending upon the number and length of the constitutional amendments, number of registered voters, and whether additional ballot printing systems are needed.



## SIGNIFICANT ISSUES

Over the years, one aspect of New Mexico public finance has been the proliferation of earmarked funds and continuing appropriations outside the general fund and the large amount of federal funds transferred to New Mexico for roads, Medicaid, Food Stamps, schools and higher education.

Limiting the state general fund appropriations might lead to further proliferation of earmarking revenues and further limiting the ability of the legislature to adapt to dramatic changes in the level of general fund revenues.

## OTHER SUBSTANTIVE ISSUES

<https://obamawhitehouse.archives.gov/administration/eop/cea/EffectsofStatefiscalrelief/>

One important component of American Recovery and Reinvestment Act (ARRA) is state fiscal relief. Through August 28, \$38.4 billion had gone to states in the form of fiscal relief, with most of that total (\$28.1 billion) coming through a higher Federal share of Medicaid spending. ...State fiscal relief constituted a crucial portion of the early part of the stimulus – nearly two-thirds of the spending and a quarter of total ARRA stimulus (that is outlays plus tax cuts) through the second quarter of 2009 came in the form of state fiscal relief.

LG/sb