

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

SPONSOR Dixon/Herrera/
Chandler/Ortez ORIGINAL DATE 01/20/22 LAST UPDATED 02/13/22 HB 62/aHAFC

SHORT TITLE Grant Opportunities Council SB _____

ANALYST Hitzman

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Council Member Per Diem	N/A	<\$10.0	<\$10.0	<\$20.0	Recurring	General Fund
Grant Matching Funds	N/A	~\$1,000.0	Unknown	~\$1,000.0	Recurring	General Fund
Total	N/A	~\$1,010.0	<\$10.0	~\$1,020.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Response Received From

Municipal League (ML)
Department of Finance and Administration (DFA)
New Mexico State University (NMSU)

No Response Received

Office of the Governor
Public Regulation Commission (PRC)
Council of State Governments (COGs)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 62 removes the \$1 million appropriation to the grants matching fund from the original bill.

Synopsis of Bill

House Bill 62 creates the grant opportunity council, administratively attached to DFA, to advise DFA on grant matters, including identifying barriers to procuring and managing federal grants, best practices for managing grants, and other grant topics as requested by DFA. The council is made up of the local government division director or designee, and members appointed by the governor to include 3 county representatives, 3 municipal representatives, 3 representatives of other political subdivisions, 2 grant professionals, 1 staff member from a Council of Government and 1 local staff member of a member of the New Mexico congressional delegation. HB62 outlines requirements for the council to report to DFA, the governor, and the Legislature.

HB62 also adds material to state statute to create the grants matching fund, administered by DFA, subject to appropriation by the Legislature. HB62 requires DFA to determine standards for eligibility and criteria for prioritizing applications for matching grant funds.

FISCAL IMPLICATIONS

Although the HAFC amendment to HB62 does not make an appropriation or specify future appropriations, establishing a new grant program that provides for grant matching funds could create an expectation that the program will continue in future fiscal years, therefore this cost is scored as recurring. Creating a new fund for providing grant matching funds will require appropriations be made to the fund. For this reason, though the bill does not currently contain an appropriation, the fiscal impact is estimated at roughly \$1 million for providing adequate grant matching funds to eligible entities in fiscal year 2023 and subsequent fiscal years. However, it is unclear what additional amounts, if any, would be allocated to the fund in subsequent fiscal years nor the future demand for such funds, so the impact for fiscal year 2024 is currently unknown.

Additional operating costs as required by DFA to implement the provisions of this bill will likely be required, including needed assistance for advertisement of meetings and the creation of meeting minutes and developing an application process for grant matching funds. DFA has not provided a dollar amount estimate of this additional cost, however additional administrative implications for the agency are discussed below.

The council created in the bill would pay eligible public members a per-diem and mileage reimbursement in accordance with Sections 10-8-1 through 10-8-8 NMSA 1978 (the Per Diem and Mileage Act). Mileage costs would vary widely and are impossible to estimate. However, based on the rate of \$95 per meeting day for non-salaried public officers, per diem would have a minimal fiscal impact, likely less than \$10 thousand annually. However, the bill does not allocate responsibility of paying this per diem disbursements for appropriate members of the council.

PERFORMANCE IMPLICATIONS

The bill requires DFA to create eligibility criteria for projects seeking matching funds, noting preference to projects that provide services to rural and frontier communities and other underserved populations and to smaller counties and municipalities. Smaller municipalities and counties often lack grant writing capacity and may struggle to apply for and secure federal and other grants without assistance or other grant support services, also noted by the Municipal League which expressed support for HB62.

Therefore, this bill's provisions could improve efficiency in service delivery and ensure smaller and more rural entities are utilizing available federal funding that would not be available without additional state matching funds or grant support. However, the efforts of the new grant council may be duplicative of current grant service efforts of the Federal Grant Bureau within DFA or the Community Development Council. The Municipal League has also hired a grant writing consultant to assist municipalities.

ADMINISTRATIVE IMPLICATIONS

HB62 will likely require additional administrative support at DFA, as the bill requires the department to provide staff support to the council to develop eligibility and prioritization criteria for projects, and will be the administrative support for the new council and fund. In the 2021 2nd Special Session, DFA was appropriated \$935 thousand for activities related to grants administration that may help DFA provide the administrative support needed for meeting provisions of HB62.

ALTERNATIVES

Alternatives to HB62 would include utilizing existing organizations and programs that provide grant services, such as the Federal Grant Bureau within DFA or the Community Development Council.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If the bill is not enacted, agencies and state entities seeking federal and other grant funding will need to use existing operating funds or seek additional state funding to serve as a state match.

JH/al/JH/acv/JH/rl