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FISCAL IMPACT REPORT

SPONSOR <u>HGEIC</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/28/2023</u>
SHORT TITLE <u>First Responder Survivor Benefits</u>	BILL NUMBER <u>CS/House Bill 277/HGEICS</u>
	ANALYST <u>Simon</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$3,750.0		\$3,750.0	Nonrecurring	Peace Officers' Survivors Fund
		\$750.0		\$750.0	Nonrecurring	Firefighters Survivors Fund
		\$0 - \$750.0	\$0 - \$750.0	\$0 - \$1,500.0	Recurring	Firefighters Survivors Fund
Total		\$4,500 - \$5,250	\$0 - \$750.0	\$4,500 - \$6,000.0		

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to appropriation in the General Appropriation Act

Relates to Senate Bill 250

Sources of Information

LFC Files

Responses Received From

Department of Homeland Security and Emergency Management (DHSEM)

General Services Department (GSD)

Department of Public Safety (DPS)

SUMMARY

Synopsis of HGEIC Substitute

House Government, Elections and Indian Affairs Committee Substitute for House Bill 277 (HB277/HGEICS) increases the supplemental death benefit for firefighters killed in the line of duty from \$250 thousand to \$1 million for a death occurring after February 25, 2022. The bill increases the minimum balance for the firefighters' survivors fund parallel to the increased death benefit.

Additionally, the bill moves up the date for a previously approved increase in the supplemental death benefit for peace officers, members of the New Mexico mounted patrol, and reserve police officers to February 25, 2022.

The bill is effective July 1, 2023.

FISCAL IMPLICATIONS

Under current law, the surviving spouse, children, or parents of a firefighter killed in the line of duty receives a supplemental death benefit of \$250 thousand. The bill would increase that benefit to \$1 million, aligning the amount with the amount currently in law for the survivors of peace officers killed in the line of duty. Laws 2022, Chapter 56 increased the amount paid from the peace officers' New Mexico mounted patrol members' and reserve police officers' survivors fund from \$250 thousand to \$1 million.

Payments from the firefighters' survivors fund do not have a direct general fund impact, but instead are transferred from the fire protection fund, which could see less available for fire protection grants if HB277/HGEICS becomes law. Current law requires the state treasurer transfer funds from the fire protection fund when the balance of the firefighters' survivors fund falls below \$250 thousand, presumably to ensure the fund always has sufficient fund balance to pay a claim. The bill would increase this fund balance threshold to \$1 million. Information from the state's accounting system shows a current fund balance of \$6.5 million.

According to the Department of Homeland Security and Emergency Management, in the past 10 years the fund has made payments for seven firefighters. Assuming, on average, less than one firefighter is killed in the line of duty each year, the impact of SB277 on the firefighter survivors fund would be no more than \$750 thousand per year.

The bill further provides a death occurring on or after February 25, 2022 would be covered by the \$1 million death benefit. Chapter 56 provided the increased death benefit for peace officers, members of the New Mexico mounted patrol, or reserve police officers was effective July 1, 2023.

Analysis from the Department of Public Safety (DPS) states five peace officers will be killed in the line of duty between February 25, 2022 and February 3, 2023. As a result, the provision to apply the \$1 million payout for deaths occurring in 2022 would increase payouts by \$3.75 million to survivors of these five individuals. Because Chapter 56 already increased the payments for peace officers, effective July 1, 2023, the bill is not anticipated to have an additional fiscal impact on that fund. In addition, reports indicate a firefighter was killed in a July 2022 helicopter crash that killed three of the peace officers reported by DPS. This would increase payouts on a nonrecurring basis by \$750 thousand.

The House Appropriations and Finance Committee Substitute for House Bills 2 and 3 includes a \$4 million appropriation from the general fund to the peace officers' survivors fund and a \$4 million appropriation from the general fund for the firefighters' survivors fund.

SIGNIFICANT ISSUES

The supplemental death benefit for peace officers was created in 1995 at \$50 thousand and the firefighter benefit was created in 2007, also at \$50 thousand. In 2007, the amount for peace officers was increased to \$250 thousand; the firefighter benefit was increased to \$250 thousand in 2014. In addition, the Risk Management Division of the General Services Department

provides state employees and employees of local public bodies receiving insurance coverage through the department a \$50 thousand basic life insurance benefit.

JWS/al/ne