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## FISCAL IMPACT REPORT

SPONSOR Allison/Duncan/Montoya/Lane LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/27/2023  
BILL \_\_\_\_\_  
SHORT TITLE Displaced Worker Eligibility NUMBER House Bill 449/ec  
ANALYST Dick-Peddie

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

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 188, House Bill 12

Relates to appropriation in the General Appropriation Act

### Sources of Information

LFC Files

#### Responses Received From

New Mexico Attorney General (NMAG)  
Workforce Solutions Department (WSD)  
Economic Development Department (EDD)  
Indian Affairs Department (IAD)

## SUMMARY

### Synopsis of House Bill 449

House Bill 449 amends Section 62-18-16 NMSA 1978, the Energy Transition Act (ETA), revising the definition of a “displaced worker.” Currently, a “displaced worker” is defined as a New Mexico resident who (a) within the previous 12 months was terminated from employment, or whose contract was terminated, due to the abandonment of a New Mexico facility producing electricity that resulted in the displacement of at least 40 workers; (b) had at least 75 percent of the resident's net income, as that term is defined in the Income Tax Act, from the employment or contract that was terminated; (c) has not been able to replace the lost wages that comprise 75 percent of their income, or whose annual wages are at least 25 percent less than when the qualifying facility was operating; and (d) does not qualify to take full benefits pursuant to a pension or retirement plan.

HB449 defines “displaced worker” more simply, as a New Mexico resident who (a) was

terminated from employment, or whose contract was terminated due to the abandonment of a New Mexico facility producing electricity that resulted in the displacement of at least 40 workers, and meets any other eligibility criteria established by the workforce solutions department.

This bill contains an emergency clause and would become effective immediately on signature by the governor.

## **FISCAL IMPLICATIONS**

The legislation would apply to relief funds created as a result of the Energy Transition Act, which are all subject to legislative appropriation. The House Appropriations and Finance Committee Substitute for House Bill 2 currently appropriates \$6.9 million in ETA relief funds for use at the Economic Development Department.

The Workforce Solutions Department (WSD) did not note any additional operating costs associated with creating eligibility criteria for the displaced worker funds.

## **SIGNIFICANT ISSUES**

Section 61-18-1 NMSA 1978 through Section 62-18-23 NMSA 1978 create the Energy Transition Act (ETA). The ETA sets a statewide renewable energy standard of 50 percent by 2030 for New Mexico investor-owned utilities and rural electric cooperatives and a goal of 80 percent by 2040, in addition to setting zero-carbon resources standards for investor-owned utilities by 2045 and rural electric cooperatives by 2050.

The laws create three funds—managed by the Indian Affairs Department (IAD), the Economic Development Department (EDD), and the Workforce Solutions Department (WSD) to be used to assist communities affected by the transition, funded through transition bonds issued by “qualifying utilities.” When the Public Service Company of New Mexico closed the San Juan Generating Station, funding from transition bonds amounted to approximately \$2 million to the Indian Affairs Department fund, \$6 million to the economic development fund, and \$12 million to the Workforce Solutions Department fund, all subject to legislative appropriation. The Economic Development Department created the Energy Transition Act Committee (ETAC) in compliance with statute to consult with tribal and community entities to determine how to spend the funds. Though the committee has held three public meetings, as of January 6, 2023, no plan to spend EDD’s \$6 million allocation has been published.

In agency analysis, EDD and WSD noted that the legislation would significantly expand the pool of workers eligible for ETA funding, which could result in more efficient delivery of relief to affected workers. WSD explained issues and delays the department faced administering the funds:

Three years have elapsed from the ETA’s enactment and the ETA fund did not receive the PNM payment of \$12,093,500 until July 28, 2022. The net effect is that, as written, subparagraph (a) excludes displaced workers and affected communities from receiving supports or benefits whom the ETA and related ETA fund had contemplated originally. Also, the ETA fund was not fully funded until after the displaced workers and affected

communities were effectively excluded from the same benefits and supports which the ETA had contemplated would be available when it was first enacted.

Also, due to the elapse of time and, as written, subparagraphs (a), (b), (c), and (d) exclude many if not all the contemplated beneficiaries by constraining DWS's ability to use ETA funds to provide direct benefits or services to displaced workers or affected communities who are experiencing ongoing, economic hardships due to the abandonment of the New Mexico facility producing electricity.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to House Bill 188 and House Bill 12, which create an Economic Transition Division, and associated funds, within the Economic Development Department.

## **TECHNICAL ISSUES**

NMAG notes a minor technical issue in the bill language:

In Section 1, the bill references the Workforce Solutions Department, which is properly named the Department of Workforce Solutions.

ADP/rl/ne