

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

FISCAL IMPACT REPORT

SPONSOR Diamond/Correa Hemphill LAST UPDATED _____
ORIGINAL DATE 02/15/23
SHORT TITLE Black Fire Recovery BILL NUMBER Senate Bill 334
ANALYST Sanchez

APPROPRIATION* (dollars in thousands)

| Appropriation | | | Recurring or Nonrecurring | Fund Affected |
|---------------|------------------------------|------------------------------|------------------------------|------------------|
| FY23 | FY24 | FY25 | | |
| \$3,000.0 | Remaining funds from FY23 | Remaining funds from FY23 | Nonrecurring | General Fund |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From

Department of Homeland Security and Emergency Management (DHSEM)
Office of the Attorney General (NMAG)

No Response Received

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Senate Bill 334

Senate Bill 334 appropriates \$3 million from the general fund to the Local Government Division of the Department of Finance and Administration to support recovery efforts due to the Black Fire of 2022. In addition, the bill allows the Local Government Division of the Department of Finance and Administration to expend up to \$50 thousand for staff and administrative costs.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023 (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The appropriation of \$3 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund.

SIGNIFICANT ISSUES

Analysis from the Department of Homeland Security and Emergency Management (DHSEM) expressed concerns with the lack of guidance in the bill's text regarding which specific recovery efforts should be targeted for support. This concern is echoed in the Office of the Attorney General's (NMAG) analysis.

Similarly, both DHSEM and NMAG state concerns about potential conflicts with the Anti-Donation Clause in Article IX, Section 14 of the New Mexico Constitution if the funds are used to aid any person, association, or public, or private corporation impacted by the Black Fire.

Regarding the need for assistance to political subdivisions of the state, DHSEM's analysis stated:

Currently, of Counties impacted by the Black Fire, Hidalgo, Sierra, and Grant have all met their county damages threshold and are receiving assistance to help with public repairs. The remaining counties were not eligible due to [insufficient] public damages to meet their threshold.... [However, this threshold] does not account for damages occurring on private land.

Of the concerns raised by both DHSEM and NMAG in their analyses, the need for additional specificity in the text of the bill is the common theme. Clarity as to which projects would be eligible for financial support, the mechanism for the disbursement of funds, and additional information about whether funding would be provided in the form of loans or grants would assist agencies in answering the questions which would likely result from the passage of Senate Bill 334.

ADMINISTRATIVE IMPLICATIONS

The Department of Finance and Administration will likely face the most significant administrative impacts from the passage of Senate Bill 334. However, without analysis from the department, the costs and scope of the impacts cannot be estimated.

SS/rl/ne