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FISCAL IMPACT REPORT

SPONSOR Griggs LAST UPDATED 3/13/2023
ORIGINAL DATE 2/24/2023
BILL
SHORT TITLE Court Emergency Property Reserve Fund NUMBER Senate Bill 374
ANALYST Gray

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$1,000.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to

Sources of Information

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)

State Treasurer Office

SUMMARY

Synopsis of Senate Bill 374

Senate Bill 374 would create a court emergency property reserve fund to pay for emergency repairs, reconstruction, or replacement of court-owned property. SB374 appropriates \$1 million from the general fund to the court emergency property reserve fund in the Administrative Office of the Courts (AOC) for expenditure in FY24 and subsequent years.

The effective date of this bill is July 1, 2023.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall not revert to the general fund. Although this bill does not specify future appropriations, multiyear appropriations, particularly if used to fund services, create an expectation the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period.

This bill creates a new fund. LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds because earmarking reduces the ability of the Legislature to establish spending priorities.

SIGNIFICANT ISSUES

AOC notes deferred maintenance can have a cascading effect on facilities' systems, which may increase costs over time. This bill contemplates creating a mechanism to alleviate this issue.

The fund would be used to pay for emergency repairs, construction, or replacement of court-owned property, including the New Mexico Supreme Court, Court of Appeals, and Metropolitan Court.

The state does not own district and magistrate court buildings. Statute requires that counties provide courts and court furniture, equipment, and other supplies (Chapter 34-6-24). House Bill 505 (capital outlay projects) includes \$20 million for the Administrative Office of the Courts for district court improvements statewide, contingent on a county match.

BG/hg/mg/al