FISCAL IMPACT REPORT

		LAST UPDATED	2/12/24
SPONSOR	Serrato	**ORIGINAL DATE**	2/2/24
SHORT TITLE	Child Care Facility Loan Forgiveness	**BILL NUMBER**	House Bill 290/aHCEDC
		ANALYST	Hilla

APPROPRIATION*
(dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	$1,750.0	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 273

Sources of Information

LFC Files

Agency Analysis Received From
Early Childhood Education and Care Department (ECECD)
New Mexico Finance Authority (NMFA)

Agency Analysis was Solicited but Not Received From
Children, Youth and Families Department (CYFD)
Department of Finance and Administration (DFA)

SUMMARY

Synopsis of HCEDC Amendment to House Bill 290

The House Commerce and Economic Development Committee amendment to House Bill 290 allows the Early Childhood Education and Care Department (ECECD) and the New Mexico Finance Authority to contract for services with providers or employers seeking to create or expand childcare programs for their employees rather than allowing for the forgiveness of loans made to certain borrowers pursuant to the Child Care Facility Loan Act.

Synopsis of Original House Bill 290

House Bill 290 appropriates $1.75 million from the general fund to the Department of Finance and Administration (DFA) to be carried out by the New Mexico Finance Authority (NMFA) for the purpose of forgiveness of loans made to certain borrowers pursuant to the Child Care Facility

Loan Act. The appropriation is to start in FY25 and follows for each subsequent fiscal year. Section 1(B) of House Bill 290 amends the act to allow money in the fund to be used for low interest funding of physical improvement, repair, safety, and maintenance of child care facilities and extends the use of the loan to apply to providers and facilities seeking to expand child care programs, and to employees to create or expand child care programs for their employees. The bill allows for loan forgiveness if the department meets specific requirements of the bill within five years of disbursement of the loan.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

The appropriation of $1.75 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a subsequent fiscal year shall not revert to the general fund.

SIGNIFICANT ISSUES

The amendments address ECECD's concerns of defining "department." The department, pursuant to Section 24-24-3 NMSA 1978, is defined as the Early Childhood Education and Care Department. The amendments clearly define the department as ECECD and separate NMFA from this definition.

ECECD also mentioned the term "facility" in existing statue means a "child care facility operated by a provider" (Section 24-24-4 NMSA 1978) and should not be included. The amendments address this concern and remove the use of "facility."

The department and NMFA shall adopt rules to administer and implement the Child Care Facility Loan Act

PERFORMANCE IMPLICATIONS

NMFA says this bill expands the use of the loan funds to include the creation and expansion of child care programs as the current scope of the loan program is limited to health and safety improvements to existing facilities.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to House Bill 273; this bill amends the Local Economic Development Act to include child care facilities as qualifying entities.

OTHER SUBSTANTIVE ISSUES

NMFA says:

> The Child Facility Revolving Loan Fund, created in 2003, has received a net $50 thousand appropriation that NMFA used to make a loan to a home-based, licensed child care center in Las Cruces to expand the space for care for parents working non-traditional

hours. The loan was handled as agreed and repaid in full. The loan payments from that loan were reverted to the state for solvency and the program has not had funding for many years.

EH/al/ne/ss