

LFC Requester:	Dawn Iglesias
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**AGENCY BILL ANALYSIS
2019 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original	<input checked="" type="checkbox"/>	Amendment	<input type="checkbox"/>	Date	<u>2/27/19</u>
Correction	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Bill No:	<u>HB 621</u>

Sponsor:	<u>Rep. Doreen Gallegos</u>	Agency Code:	<u>924</u>
Short Title:	<u>PERMANENT EDUCATION RESERVE FUND</u>	Person Writing	<u>David Craig</u>
		Phone:	<u>827-6537</u>
		Email	<u>David.craig@state.nm.us</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$60,000.0	Nonrecurring	GF

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB 621 creates the Permanent Education Emergency Reserve Fund (PEERF) and conditionally allows appropriations to be made from that fund to the state equalization guarantee (SEG) when general fund revenue levels are forecast to decline.

The bill appropriates \$60.0 million from the general fund to the PEERF in FY20. The effective date of this bill is July 1, 2019.

FISCAL IMPLICATIONS

HB 621 appropriates \$60.0 million from the general fund into the PEERF to be used as a corpus for the fund. If the market value of the PEERF is \$60.0 million or more and a legislative-executive consensus forecast for general fund revenue for the current or following fiscal year shows a decline of five percent or more from the forecast for the preceding year, the legislature may appropriate money from the PEERF to the SEG in a necessary amount that is in excess of the fund's \$60.0 million corpus.

SIGNIFICANT ISSUES

HB 621 provides that the corpus of the fund is to remain untouched and is to be invested by the state investment officer.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS