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FISCAL IMPACT REPORT

SPONSOR SCONC
ORIGINAL DATE 02/28/09
LAST UPDATED 03/07/09
HB _____
SHORT TITLE Beverage Container Recycling Act
SB 1/SCONCS/aSFC
ANALYST Hoffmann/Aubel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
	FY10		
Grants for Recycling Programs	\$225.0*	Recurring	Litter Control and Beautification Fund
25% for Tire Abatement and Tire Recycling	\$237.5	Recurring	Recycling and Illegal Dumping Fund
75% For Abatement Of Illegal Dumping And Other Recycling	\$712.5	Recurring	Recycling and Illegal Dumping Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 548; please see “RELATIONSHIP.”

*Estimates provided by New Mexico Environment Department

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (ENMRD)

New Mexico Environment Department (NMED)

SUMMARY

Synopsis of SFC Amendments to SCONC Substitute for Senate Bill 1

The Senate Conservation Committee Substitute Bill for Senate Bill 1 as amended by the Senate Finance Committee makes the following changes.

The Litter Control and Beautification fund is appropriated to the Tourism Department (TD) pursuant to Section 66-16-14 NMSA 1978. There is no appropriation to the NMED. Instead, the TD is directed to use twenty-five percent of the fund for “grants for recycling programs to counties or municipalities based on their fiscal capacity, population and geographic location and size.”

Section 6 of the bill clarifies the qualifications for certification standards for compliance of county and municipality recycling programs by specifying “a county’s or municipality’s fiscal capacity, population and geographic location and size.”

Section 6 also adds a statement that specifies that the priority for distributions of funds shall not be made to recycling programs that are in existence prior to the effective date of the act except from amounts remaining after all applications from new recycling programs have been considered.

A Section 7 is added to the bill. It amends Section 74-13-17 NMSA 1978 of the Recycling and Illegal Dumping Act to require that twenty-five percent of the budgeted grant money in each fiscal year shall be allocated to tire abatement and tire recycling programs, and seventy-five percent of the budgeted grant money in each fiscal year shall be allocated to abatement of illegal dumping and recycling of solid wastes. The current distribution for these purposes is two-thirds for tire abatement and recycling, and one-third for abatement of illegal dumping and recycling of solid wastes.

FISCAL IMPLICATIONS

As the bill is now currently worded, it is unclear whether the 25 percent allocation of the Litter Control and Beautification Fund for recycling grants is applied on the total fund, which would include both revenue and fund balance, or just the revenue for a particular year. The fiscal impact is based on \$900 thousand revenue estimated by NMED.

The Amendment changes the percent of the Recycling and Illegal Dumping Fund (RAID) grants, which are budgeted at \$950 thousand annually, by shifting more money into the non-tire category. The current allocation is 2/3 relating to tires and 1/3 relating to other recycling programs.

SIGNIFICANT ISSUES

The bill now puts the Tourist Department in charge of the grant process for the \$225 thousand being allocated from the Litter Control and Beautification Fund for recycling programs.

Synopsis of Original Bill

The Senate Conservation Committee Substitute Bill for Senate Bill 1 would require every county and municipality to develop a recycling program, assisted with funding from the New Mexico Litter Control and Beautification Fund and created in the Litter Control and Beautification Act. The New Mexico Environmental Improvement Board (EIB) is charged with adopting rules for the certification of county and municipal programs. The requirement that all counties and municipalities develop recycling programs would represent a new requirement for these governmental entities.

FISCAL IMPLICATIONS

The NMED claims that there are no fiscal implications to their Department because existing staff can assume the responsibilities set forth in the act.

According to the ENMRD, current law appropriates the entire Fund to the Tourism Department to carryout the Litter Control and Beautification Act. Senate Conservation Committee substitute for Senate Bill 1 would collect a fee of fifty cents (\$.50) per registration year imposes pursuant to Section 66-6-6.2 NMSA 1978, collected from the registration fee of vehicles registered pursuant to Section 66-3-1 NMSA 1978 or the Motor Transportation Act. The fees would be deposited in the litter control and beautification fund. The NMED estimates these revenues to be approximately \$450 thousand per year.

Fifty per cent of the litter control and beautification fund would be appropriated annually to the department (see TECHNICAL ISSUES) for the purpose of carrying out the provisions of the Litter Control and Beautification Act, and fifty percent of the fund is appropriated to the NMED to grant to counties and municipalities for their certified recycling programs based on prioritization standards adopted by the EIB.

SIGNIFICANT ISSUES

The NMED reports that the bill appropriates 50 percent of the litter control and beautification fund (estimated at \$900,000 per year) and gives it to “to the department to grant to counties and municipalities for their certified recycling programs.” However, the entire litter control and beautification fund is currently managed by New Mexico Clean and Beautiful, a program of the New Mexico Tourism Department (TD). The substitute bill does not define department and it is not clear whether that part of the fund directed at recycling would be managed by NMED or TD.

The act requires EIB to adopt rules for certification of county and municipality recycling programs, and every county and municipality shall develop such programs by December 31, 2009 and implement it by July 2010. This may be too aggressive a schedule. Experience has shown that stakeholders want, and EIB requests, thorough discussions among stakeholders on regulations to be passed by the EIB.

PERFORMANCE IMPLICATIONS

The NMED reports that performance objections would benefit from the passage of the substitute bill. The legislation would increase recycling participation and recycling tonnages as described in the Solid Waste Act.

ADMINISTRATIVE IMPLICATIONS

The NMED states that they could utilize existing staff to manage the grant program and certification process as prescribed by the act.

RELATIONSHIP

Senate Bill 1 is related to House Bill 548, which would establish a recycling fee of sixty cents (\$.60) per ton on disposal of all solid waste in New Mexico. Revenue from the fee would be collected in a new Recycling Infrastructure and Opportunity Fund and distributed as follows:

- 1) 15 percent to the ED’s Solid Waste Bureau (Bureau) to fund four full-time positions;
- 2) 7 percent to the Bureau for recycling outreach and education programs; and
- 3) 78 percent to be used for grants.

House Bill 548 would appropriate the 78 percent to the NMED.

House Bill 548 also amends the Recycling and Illegal Dumping Act by adding nine additional entities (the two new Recycling Coordinators from the Bureau and one member from each of the following: a state educational institution, public schools, recycling advocacy organizations, a land grant community, a cooperative association, a solid waste authority or district, and IAD) to the already existing 12-member Recycling and Illegal Dumping Alliance (RAID). The new alliance is charged with helping craft the rules to carry out the responsibilities prescribed in the act and making recommendations in the award of grants.

TECHNICAL ISSUES

The NMED recommends that the definition of department should be clarified.

The EMNRD recommends on Page 7, line 13 that cardboard, batteries and electronics be included as recyclable materials.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The NMED observes that the current recycling rate in New Mexico is approximately 11 percent, compared to the national average of 33 percent. This bill would dramatically increase the state's recycling rate. Conversely, if it were not enacted, the state's ability to achieve a higher recycling rate would be hampered, causing growth to take place at a much slower pace.

CH/mt:svb