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## FISCAL IMPACT REPORT

**SPONSOR** Gallegos DM/Papen **ORIGINAL DATE** 01/25/16 **LAST UPDATED** \_\_\_\_\_ **HJM** 5\ aHF1#1

**SHORT TITLE** Increase Natural Gas Vehicle Use **SB** \_\_\_\_\_

**ANALYST** Amacher

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

|              | FY16 | FY17 | FY18 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| <b>Total</b> | 0.0  | 0.0  | 0.0  |                      |                              |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 176

### SOURCES OF INFORMATION

LFC Files  
New Mexico Economic Development Department

### SUMMARY

#### Synopsis of HF1#1 Amendment

The House Floor amendment to House Joint Memorial 5:

- includes the general services department to the list of specified agencies tasked in developing a study on how to build the natural gas vehicle market within the state; and
- expands the study by including the state’s public and private vehicle fleets in the current status of the state’s natural gas vehicle market.

House Joint Memorial 5, as amended, recognizes the importance of increasing natural gas vehicle use in the United States and New Mexico and tasks two agencies in developing a study on how to build the natural gas vehicle market within the state. The Energy, Minerals and Natural Resources department (EMNRD), General Services department (GSD) and the Economic Development department (EDD) must report to the appropriate interim legislative committee prior to November 15, 2016.

#### Synopsis of the Joint Memorial

House Joint Memorial 5 recognizes the importance of increasing natural gas vehicle use in the United State and New Mexico and tasks two agencies in developing a study on how to build the natural gas vehicle market within the state. The Energy, Minerals and Natural Resources

department (EMNRD) and the Economic Development department (EDD) must report to the appropriate interim legislative committee prior to November 15, 2016.

### **FISCAL IMPLICATIONS**

HJM 5, as amended, tasks EMNRD, GSD and EDD to develop a study and report to the appropriate legislative committee by November 15, 2016. This task will be fulfilled using existing staff resources.

### **SIGNIFICANT ISSUES**

HJM 5, as amended, states the United States has pursued energy independence for over forty years and has abundant natural gas reserves. It is expected production of natural gas will continue to grow over the next 25 years. New Mexico is in a significant position to benefit from the increased production. On December 3, 2015, Congress enacted the Fixing America's Surface Transportation Act, also known as the FAST Act, a five year authorization for federal highway spending that includes incentives to promote the use of natural gas. These federal incentives combined with those targeted to improve port facilities congestion mitigation and air quality could be applied in the state to: 1) to retrofit diesel vehicles to reduce particulate matter; 2) further develop the fast growing inland port at Santa Teresa; and, 3) qualify the port as an alternative vehicle corridor plan to be incorporated into the national plan of the FAST Act.

Two key obstacles to greater use of natural gas for large fleet vehicle owners have been highway weight limitations that have not accounted for the greater weight of natural gas fuel systems and an inadequate number of fueling stations along major highway corridors. The FAST Act creates a weight allowance for natural gas vehicles on federal highways and requires the United States' secretary of transportation to designate national alternative fuel corridors by December 2016.

HJM 5, as amended, tasks EMNRD, GSD and EDD to develop a report that identifies: 1) how the state can increase the use of natural gas vehicles including a current status report; 2) obstacles to increasing the use of these vehicles by large fleet operators and individuals; 3) the methods employed by other states to promote natural gas vehicle markets; 4) federal funding sources including those in the FAST Act; and 5) a plan for alternative fuel corridors within the state.

EMNRD, GSD, and EDD, in consultation with the New Mexico natural gas vehicle coalition, shall present this report to the appropriate legislative committee prior to November 15, 2016.

EDD notes the completion of the report will allow New Mexico to have a plan as to how to market and improve the use of one of its greatest natural resources.

### **RELATIONSHIP**

HB 176 expands the definition in the Motor Vehicle Code to include "natural gas vehicle". Furthermore, the Motor Vehicle Division is required to establish in rule 1) new standard weight limits that allow for gross weight limitation authorization of natural gas vehicles; and 2) a standard gross weight limit increase for each axle distance category by a specified formula.