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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Bill 47

**SHORT TITLE:** Food Recovery & Composting Act

**SPONSOR:** Campos/Stefanics

**LAST UPDATE:** ORIGINAL **DATE:** 1/22/2026 **ANALYST:** Davidson

### REVENUE\* (dollars in thousands)

Type	FY26	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
Solid Waste Tax		\$9,700	\$9,800	\$9,900	\$10,000	Recurring	Food and Composting Fund

Parentheses indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

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

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMED		\$450.0	\$450.0	\$900.0	Recurring	Other state funds

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 46

### Sources of Information

LFC Files

#### Agency or Agencies Providing Analysis

Regulation and Licensing Department

Environment Department

New Mexico Department of Agriculture

New Mexico Attorney General

Economic Development Department

Tax and Revenue Department

### SUMMARY

#### Synopsis of Senate Bill 47

Senate Bill 47 (SB47) enacts the Food Recovery and Composting Act, creating a food recovery and composting program within the Environment Department (NMED) and a food recovery and

compost fund administered by NMED, which will provide grants and contract funding related to advancing food recovery, organic waste reduction, and providing education and research related to the advancement of food recovery, composting, and organic waste reduction.

The bill also creates an advisory committee made up of representatives from NMED, the New Mexico Department of Agriculture, Economic Development Department, a municipal government, a tribal government in the state, a land grant-merced representative, a solid waste authority, an acequia representative, a soil and water conservation district representative, a pollution reduction organization, and a food recovery organization.

The program, and the fund, will be funded by the revenue of new surcharge created by the act, which will charge \$3 per ton of solid waste processed at a solid waste facility and also provides a reduced \$2 per ton surcharge for owners and operators with an on-site composting facility.

The effective date of this bill is July 1, 2026.

## FISCAL IMPLICATIONS

This bill creates a new fund and provides for a yearly revenue stream from the imposition of a processing fee on owners and operators of solid waste facilities.

The bill does not include a recurring appropriation but diverts or “earmarks” revenue, representing a recurring loss from the general fund. LFC has concerns with including continuing distribution language in the statutory provisions for funds because earmarking reduces the ability of the Legislature to establish spending priorities.

This bill creates or expands a tax expenditure with a cost that is difficult to determine but likely significant. LFC has serious concerns about the substantial risk to state revenues from tax expenditures and the increase in revenue volatility from erosion of the revenue base. The committee recommends the bill adhere to the LFC tax expenditure policy principles for vetting, targeting, and reporting or action be postponed until the implications can be more fully studied.

Analysis from Taxation and Revenue Department (TRD) predicted the revenue from the new solid waste disposal surcharge would be \$9.7 million in FY27 and then grow each year by \$100 thousand. These figures were based on total solid waste numbers for the state from 2023. New Mexico residents generated 3.17 million tons of solid waste, and the majority of this waste was sent to 179 active disposal facilities, though this figure is from 2020. TRD notes the specific tonnage processed varies greatly by source and locations and each facility manages different amounts and types of waste. TRD also noted its projected growth in revenue is made due to the University of New Mexico’s predicted population growth for the state of 1 percent per year.

Analysis from NMED also estimated the potential revenue from the \$3 per ton processing rate. NMED based its projection on a *2023 Facility Annual Report*, stating 3.1 million of trash was disposed of in the state’s landfills. Due to this, NMED predicted the revenue from the surcharge would be \$9.5 million annually.

The New Mexico Department of Agriculture (NMDA) notes there is the potential for significant revenue to be generated by the proposed food recovery and composting surcharge, though it did not provide an estimate as to the amount of potential revenue.

## **SIGNIFICANT ISSUES**

NMDA notes it is tasked with implementation of the Healthy Soil Act and noted its inclusion in the food recovery and composting advisory group would help aid in the implementation of the provisions of the Healthy Soil Act.

NMED points out the bill does not clearly delineate or differentiate which solid waste facilities might be charged with the fee because the current statutory definitions have not been updated and are not on pace with current waste stream practices. For instance, the definition of compost does not include fertilizer or growth media. NMED notes the bill does use these terms in its discussion of compost, and due to the gaps in the current definition, this could result in complications with implementation of the surcharge and specifically its \$1 off per ton carve-out for facilities with on-site composting facilities.

NMED notes the agency already has a grant program related to food waste and composting already exists in the form of the Recycling and Illegal Dumping Alliance (RAID), overseen by the Resource Recovery Bureau. RAID currently administers a grant program for recycling, circular economy projects and programs, and illegal dumping mitigation. NMED notes RAID has a very similar scope to the new grant program created by the bill, raising the possibility of redundancy and potential complications in implementing existing legislation. NMED concludes further utilization of RAID and its existing grant programs would be preferred over the creation of a possibly duplicative new advisory group and grant program.

Analysis from the Economic Development Department (EDD) notes food waste is estimated to contribute 24 percent of the nation's municipal solid waste. This waste stream has been noted to be a major contributor to methane emissions from the landfills. EDD notes this could potentially constitute an underutilized resource for soil rehabilitation and the organic and food waste in these landfills have been noted to contribute to significant environmental impacts.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 47 is a companion to Senate Bill 46, which includes an appropriation to NMED and tasks the agency with exploring the diversion of organic waste from the waste stream.

NMED notes Senate Bill 47 largely duplicates the Recycling, Circular Economy and Illegal Dumping Act grant program, an act updated in the 2025 legislative session.

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