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FISCAL IMPACT REPORT

SPONSOR <u>Steinborn</u>	LAST UPDATED _____
	ORIGINAL DATE <u>1/24/24/24/24</u>
SHORT TITLE <u>Reclamation of Abandoned Sites</u>	BILL
	NUMBER <u>Senate Bill 84</u>
	ANALYST <u>Wan Smith</u>

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$5,000.0	Nonrecurring	General Fund

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

Sources of Information

LFC Files

Agency Analysis Received From

Energy, Minerals and Natural Resources Department (EMNRD)
 Office of the Natural Resources Trustee (ONRT)
 State Land Office (SLO)

Agency Analysis was Solicited but Not Received From

Environment Department (NMED)

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from all relevant agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of Senate Bill 84

Senate Bill 84 appropriates \$5 million from the general fund to the Environment Department (NMED) for the assessment, remediation, or reclamation of orphaned or abandoned sites. The funds are appropriated for FY25 and subsequent fiscal years.

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 \$5 million contained in this bill is a nonrecurring expense to the general fund. Although this bill does not specify future appropriations, multiyear appropriations, particularly if used to fund services and those services perform well, create an expectation the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period.

SIGNIFICANT ISSUES

There are several types of orphaned or abandoned sites the state may take responsibility for remediating, including petroleum extraction wells, petroleum storage tanks, hard rock and coal mine shafts, and uranium mine or mill sites. Different types of sites are regulated and managed by different agencies, depending on the applicable statute. NMED has oversight of petroleum storage tanks, but the Energy, Minerals and Natural Resources Department (EMNRD) is responsible for petroleum extraction wells and hard rock and coal mining sites. NMED and EMNRD share responsibility for oversight of abandoned uranium mine and mill sites.

SB84 does not specify which type or types of orphaned or abandoned sites are eligible to be assessed, remediated, and reclaimed with its appropriation. Although the funds are appropriated to NMED, the bill does not specify whether the appropriation may only be used for sites under NMED's jurisdiction, nor does it address eligibility of sites with shared jurisdiction. It is therefore unclear what the appropriation is intended to be used for and under what statutory authority the stated assessments, remediations, and reclamations would be completed. Specifying the relevant statutory authority would also help clarify the bill's meaning of "orphaned or abandoned," as these terms are generally not considered interchangeable and may have different definitions under different laws or regulatory guidelines. For example, it should be made clear whether the appropriation can only be used for sites that have no identifiable owner to be held responsible for assessment, remediation, or reclamation costs.

TECHNICAL ISSUES

Agencies responding with analysis recommend clarification in the bill text on the definition of "orphaned or abandoned sites" as used in SB84, the types of site this appropriation is intended for, and whether the appropriation may be used for sites that are outside of NMED's jurisdiction or under shared jurisdiction with another state agency. See "Significant Issues" for detailed discussion.

CW/al/ne