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FISCAL IMPACT REPORT

SPONSOR: Martinez DATE TYPED: 02/08/02 HB _____
 SHORT TITLE: Superfund Sites Restoration SB 30/aSCONC
 ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$2,000.0			Non-recurring	General Fund

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
		See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 U.S. Environmental Protection Agency (U.S. EPA)
 Department of Environment

SUMMARY

Synopsis of SCONC amendment

The Senate Conservation Committee amendment to Senate Bill 30 makes clear that the \$2.0 million does not revert to the general fund at the close of FY03. This change is important in that the five Superfund projects identified for funding will likely require as many as ten years for reclamation. Consequently, the department would be hard pressed to use the funding appropriately within the one year timeframe.

Synopsis of Original Bill

Senate Bill 30 appropriates \$2.0 million from the general fund to Department of Environment for the purpose of restoring orphaned Superfund sites throughout New Mexico. The bill carries a reversion clause, which requires the department to revert any unexpended appropriation to the general fund, at the close of FY 2003.

Significant Issues

The Superfund law created a Trust Fund, financed mainly by a tax on the chemical and petroleum industries, to pay for the cleanup of abandoned and uncontrolled hazardous waste sites. The Trust Fund is used primarily when the companies or people responsible for the contamination at Superfund sites cannot be found or cannot perform or pay for the cleanup work. The U.S. Congress has not reauthorized the tax and consequently, the existing balance in the Superfund could diminish quickly as states move quickly to garner federal funds to mitigate contaminated sites within their borders.

According to the department, the appropriation would be used to restore five sites throughout New Mexico: one in Albuquerque, one in Las Cruces, one in Roswell, one in Espanola, and one in Carizozo. The department anticipates using the funding over a period of five years. Though not identified in the bill, the department has testified before multiple interim legislative committees that it expects to leverage this general fund appropriation in a one-for-nine dollar state/federal cost share match. Based on that testimony, the state could have up to \$20.0 million available to restore these five sites.

FISCAL IMPLICATIONS

The appropriation of \$2.0 million contained in this bill is a non-recurring expense to the general fund. Administration of the Superfund program is funded wholly by the federal government. The department anticipates that any additional fiscal impact will be borne by the federal government because of a cooperative agreement currently in place for the Superfund program, which stipulates as such.

TECHNICAL ISSUES

Senate Bill 30 restricts expenditure of the appropriation to fiscal year 2003, which ends on June 30, 2003. It is unclear if the department would be able to negotiate terms for each of the sites identified with U.S. EPA before this deadline. One solution could be to insert an emergency clause on Senate Bill 30, which could give the department more time to carry out the provisions of the bill.

OTHER SUBSTANTIVE ISSUES

As identified in the Executive Budget, the Governor has supported this request. Because the department did not submit the request to the LFC, the committee did not make a recommendation on this request.

POSSIBLE QUESTIONS

How much federal funding does the department anticipate receiving, if the Legislature supports this \$2.0 million appropriation request?

What is the estimated cost of restoration for the five sites identified by the department?