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FISCAL IMPACT REPORT

SPONSOR: Rodella DATE TYPED: 3/3/03 HB HJM 92
 SHORT TITLE: Study Use of Wood Pellets as Heat Source SB _____
 ANALYST: Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From

Economic Development Department
 Energy, Minerals and Natural Resources Department (EMNRD)

Responses Not Received From

Environment Department

SUMMARY

Synopsis of Bill

House Joint Memorial requests the Economic and Rural Development and Telecommunications Committee (ERDTC) to conduct hearings during the interim pertaining to the use of wood pellets as a heat source, including discussions that focus on waste wood from forest thinning projects and the long-term economic impact of a wood pellet heating industry on New Mexico.

FISCAL IMPLICATIONS

There is no appropriation or significant fiscal impact associated with this bill.

OTHER SUBSTANTIVE ISSUES

The Economic Development Department indicates there are a number of businesses in the state who are engaged with wood pellet production. If ERDTC will conduct meetings with regard to wood pellets, the meetings will broaden the scope of discussion and include in all sources of Biomass that have market growth potential in New Mexico.

EMNRD notes despite the large quantity of waste wood from forest thinning projects in the

House Joint Memorial 92 -- Page 2

southwest, there is a relatively small wood pellet market. Currently, there are only three wood pellet facilities in Arizona and New Mexico.

In an effort to create a market for wood pellet use in New Mexico, research is necessary to determine the viability of using wood pellets within public facilities, cost-effectiveness of the product and its use and identification of possible incentives for the private sector.

EMNRD indicates, in addition to the memorial being provided to the legislative economic and rural development and telecommunications committee, it should be circulated to the Energy, Minerals and Natural Resources Department and Economic Development Department to further coordinate research into this industry.

KBC/sb