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FISCAL IMPACT REPORT

SPONSOR Ponce DATE TYPED 2/2/04 HB 369

SHORT TITLE Superfund Site Restoration Funds SB _____

ANALYST Koplik

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$2,000.0			Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 154

Relates to Appropriation in the General Appropriation Act

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	\$18,000.0	See Narrative	Non-Recurring	Federal Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Environment Department

SUMMARY

Synopsis of Bill

House Bill 369 appropriates \$2 million from the general fund to the Environment Department for the purpose of matching federal funds for clean up of New Mexico's Superfund sites on the National Priority List. This appropriation will provide the state with \$18 million of federal funds, but New Mexico must be able to demonstrate it has the 10% match prior to the EPA's considera-

tion of providing cleanup money.

Superfund sites on the National Priority List are contaminated sites most threatening to human health and the environment. In order to be placed on this list, which provides federal funds for clean up activities, the site must pose a high threat to public health and the environment, and the affected state must show a willingness to contribute 10 percent of the necessary funds.

The North Railroad Plume in Espanola was not funded for cleanup by EPA in 2003, but it is anticipated that the EPA will fund this project in fiscal year 2005. Two other sites are being considered for the National Priority List this year, the Grants chlorinated solvent plume, and the Olson Well in Socorro. This appropriation provides funds that should be adequate to cover New Mexico's 10% cost share obligation for all three sites.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 2005 shall revert to the general fund.

The New Mexico Environment Department received a \$2 million special appropriation in the General Appropriation Act of 2002 for Superfund cost share obligations at selected Superfund sites in New Mexico. Appropriation language requires that any unexpended or unencumbered funds remaining at the end of fiscal year 2004 shall revert to the general fund. Due to federal budget constraints, EPA was unable to provide cleanup money for all the sites listed in the General Appropriations Act of 2002. Therefore, it is anticipated that \$725 thousand of unexpended or unencumbered money will remain at the end of fiscal year 2004. The department anticipates that in the foreseeable future, the EPA will fund cleanup activities at previously un-funded sites or newly listed sites.

The Environment Department states that the proposed legislation would provide a non-reverting appropriation to cover New Mexico's cost share obligation for existing and newly listed sites, which is invaluable in leveraging general fund in order to obtain federal funding. However, passage of the proposed legislation would mean that the department would revert the \$725,000 balance from the previous appropriation. The department feels that it may be more risky to obtain the state's cost share obligation in a stand alone bill rather than being included in the General Appropriation Act as occurred previously.

ALTERNATIVES

Approximately \$725,000 remains in the appropriation that was approved in 2002. The authority to use that money expires at the end of fiscal year 2004. An extension granting authority to use this money beyond the end of fiscal year 2004 would accomplish the same goal as passage of Senate Bill 154 without a reversion of \$725,000.

This alternative would not provide non-reverting additional funding for newly listed sites. The Environment Department would be required to request legislation for newly listed sites in the future and for continued operation and maintenance at existing sites.

RLG/dm