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FISCAL IMPACT REPORT

SPONSOR Salazar **DATE TYPED** 2/12/2004 **HB** 251/aHAFC

SHORT TITLE Advanced Energy Technology Development Act **SB** _____

ANALYST Aguilar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Relates to special appropriations (\$1,500.0 to NM Energy, Minerals and Natural Resources Department; \$500.0 to the New Mexico Economic Development Department) included in the Executive Budget in Brief.

SOURCES OF INFORMATION

LFC Files
Executive Budget in Brief, January 2004, pp. 33 – 34.

Responses Received From
Economic Development Department (EDD)
Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 251 removes references to appropriations in the title; subjects the clean energy grants fund to legislative appropriation and removes all appropriations.

Significant Issues

HB251/aHAFC removes the continuing appropriation provision from the original bill and makes the clean energy grants fund subject to appropriation by the legislature. This allows the legislature to establish spending priorities.

The HAFC amendment removes all appropriations contained in the bill. CS/HB2, et.al. contains a \$500 thousand dollar appropriation to the Energy, Minerals and Natural Resources Department for establishing and administering a competitive grant program for energy efficiency and renewable energy projects.

Synopsis of Original Bill

House Bill 251 creates the Advanced Energy Technologies Economic Development Act. The bill creates a new Clean Energy Grants Fund, appropriates \$1.5 million in general fund to the Fund, and directs the Energy, Minerals and Natural Resources Department to establish the clean energy grants program. The grants can be provided to local and state governments, Indian tribes and pueblos, universities and public schools for clean energy education, technical assistance and training and projects. Under the grant program, no single entity can receive more than \$100 thousand for projects. The bill also limits ENMRD administrative costs, research and studies to \$100 thousand.

The bill also appropriates \$500 thousand in general fund for the Economic Development Department to implement a hydrogen and fuel cells development program.

Significant Issues

House Bill 251 facilitates legislative goals identified in House Joint Memorial 6 and Senate Joint Memorial 89 of the 2003 legislature, establishing New Mexico as a national leader in hydrogen/fuel cell commercialization activities and clean energy (*i.e.*, renewable energy, energy efficiency, alternative fuels) programs.

The bill also lays the foundation for capitalizing on economic development opportunities, including attracting new manufacturing facilities, assisting new business start-ups, and jobs creation. This legislation also provides an opportunity for the state to maximize its expertise in hydrogen and fuel cell development and remain competitive with other states.

EMNRD reports that HB 251 directly supports the department goal of promoting renewable energy development throughout New Mexico and assists state agencies in complying with the Alternative Fuel Vehicles Acquisition Act (NMSA 1978, Section 13-1B-1 to 7) and federal Energy Policy Act (EPACT) mandates.

FISCAL IMPLICATIONS

The bill creates a new Clean Energy Grant Fund and appropriates \$1,500.0 in general fund the Fund. The Fund can receive revenue for any source. Any unexpended or unencumbered balances remaining at the end of fiscal year 2006 do not revert to the general fund.

The appropriation of \$500.0 contained in this bill to the Economic Development Department is a recurring expense to the general fund. Any unexpended or unencumbered general fund balances remaining at the end of fiscal year 2006 revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

EMNRD reports the legislation may require the department adopt rules for establishing the application procedure and required qualifications for projects, administering the Clean Energy Grants Program, and monitoring and evaluating project implementation.

TECHNICAL ISSUES

The legislation directs that EMNRD shall report to the LFC all disbursements made from the clean energy grants fund prior to each legislative session. Quarterly or semi-annual reporting to allow more careful legislative oversight may be considered.

OTHER SUBSTANTIVE ISSUES

This legislation also directly assists ENMRD's Energy Conservation and Management Division in meeting performance measures relating to development and implementation of clean energy programs to decrease per capita energy consumption, use New Mexico's substantial renewable energy resources, minimize local, regional and global air emissions, and lessen dependence on foreign oil.

PA/dm:yr