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FISCAL IMPACT REPORT

SPONSOR Garcia DATE TYPED 3/4/05 HB 1058

SHORT TITLE Approval of Certain Federal Projects SB _____

ANALYST Hadwiger

APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			\$150.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
 Department of Finance and Administration (DFA)
 New Mexico Department of Environment (NMED)

SUMMARY

Synopsis of Bill

House Bill 1058 would prohibit a project that requires a license from the U.S. Nuclear Regulatory Agency (NRC) from beginning manufacturing, processing, assembling, or other operations without a finding from the Local Government Division (LGD) of the Department of Finance and Administration (DFA) that:

1. the county or state will not have to bear additional financial burden for needed security at the project; the potential discharge from a leak of the waste disposal system at the project; premature abandonment of the project; or an accident involving the handling or transportation of waste or products of the project.
2. the risk of economic loss to the state or county caused by permanent damage to land, air, water, livestock, or potential for human habitation is minimal.
3. the operator of the project has posted a bond or security to reimburse the state and county for potential losses caused by operation of the project, including cost of site reclamation.
4. the overall benefits to the local community, county and state outweigh the potential social and economic costs of the project.

LGD would be authorized to promulgate rules to carry out these provisions.

Significant Issues

The DFA indicated (emphatically) that they do not have the expertise nor staff to implement this bill. DFA suggested the Hazardous & Radioactive Materials Bureau of the Department of Environment (NMED) may have the expertise and staff for this purpose.

NMED cautioned that the requirements in HB1058 are subject to legal challenge on the ground that it is preempted by the Atomic Energy Act, authorizing the NRC to govern the operation of such facilities.

FISCAL IMPLICATIONS

Because DFA does not have sufficient staff or expertise to implement this bill at present, it is likely the agency would require at least two full-time employees, about \$150,000 per year, for this purpose. In the event that the bill results in litigation, it is possible that litigation expenses would increase this cost estimate substantially.

OTHER SUBSTANTIVE ISSUES

NMED was concerned that a number of the findings required to be made by DFA are vague and are therefore difficult to interpret or even to clarify by rule, e.g., whether the benefits to the local community, county and state outweigh the social and economic costs of the project.

ALTERNATIVES

DFA suggested that the responsibilities in this bill be assigned to NMED. This could reduce the need for additional staff and funding.

DH/lg