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FISCAL IMPACT REPORT

	ORIGINAL DATE 1/30/06		
SPONSOR	Cisneros	LAST UPDATED	HB _____
	FORESTRY BIOMASS ECONOMIC		
SHORT TITLE	DEVELOPMENT	SB	327
		ANALYST	Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Indian Affairs Department (IAD)

Department of Game and Fish (DGF)

Energy, Minerals and Natural Resources (EMNR)

SUMMARY

Synopsis of Bill

Senate Bill 327 appropriates \$100 thousand from the general fund to the Indian Affairs Department to assist the Picuris Pueblo in establishing an economic development program based on value-added products derived from forestry biomass.

FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

SIGNIFICANT ISSUES

Since 1999, the Energy, Minerals and Natural Resources Department has directed funds to tribal and local governments, communities, and small businesses to help improve utilization of, and create markets for, woody biomass from hazardous fuel reduction activities. There is still a void

in assisting start-up and existing woody biomass business with business planning and marketing.

Biomass is organic matter such as wood, plants, residue from agriculture or forestry, and the organic component of municipal and industrial waste.

- Options for biomass utilization:
- Use in conventional wood products
- Pulp and Paper use
- Composite wood products
- Inclusion in plastics cements, etc.
- Bioenergy

Bioenergy, a developing alternative to fossil fuels, is the use of organic matter such as wood and related products as well as the organic component of municipal and industrial wastes, to provide heat, make fuels, and generate electricity. Wood, the largest source of bioenergy, has been used to provide heat for thousands of years. In addition to heating, biomass can be used, like fossil fuels, to power automotive vehicle and generate electricity. Modern technology is working to improve the efficiency of bioenergy production to increase its marketability. The two leading options for converting large amounts of biomass in the U.S. to energy are conversion of biomass to electricity and conversion of biomass to liquid fuels.

The Energy, Minerals and Natural Resources web site reports several new bio-energy projects are underway in New Mexico. The City of Albuquerque, and New Mexico State University are carrying a long-term study of a municipal solid waste bioreactor design into the field-scale construction phase. The cities of Las Cruces and Ojinaga Mexico are jointly studying a process for growing fuel wood with wastewater sludge.

The U.S. Forest Service is working with the State Forestry Division on two wood chip fueled power systems at Jemez Mountain schools and the Glorieta Conference Center. Groups in Silver City and Angel Fire are studying use of lumber mill residues and forest thinnings for fueling a bio-energy project. New Mexico State University's demonstration of a tumbleweed harvester could help make this high-energy material a practical energy source.

Rapid growth of the New Mexico dairy industry has greatly increased the production of manure in New Mexico. The State of New Mexico is working with the U.S. Department of Energy and Dairy Producers of New Mexico, a local dairy trade organization, to develop a project involving the use of a bioreactor to produce methane from this waste.

POSSIBLE QUESTIONS

What infrastructure currently exists at the Picuris Pueblo supporting the value-added forestry biomass initiative?

MW/nt