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FISCAL IMPACT REPORT

ORIGINAL DATE 2-14-07

SPONSOR Garcia, T. LAST UPDATED _____ HB 1002

SHORT TITLE Solid Waste Transportation Grant Fund SB _____

ANALYST Aubel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$5,000.0		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
\$5,000.0			Recurring	Solid Waste Transportation Grant fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	See Narrative	\$65.0	\$65.0	\$130.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 978
Relates to HB 440

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)
Energy, Minerals & Natural Resources Department (EMNRD)
New Mexico Municipal League (NMML)
State Land Office (SLO)

SUMMARY

Synopsis of Bill

House Bill 1002 appropriates \$5.0 million from the general fund to the New Mexico Environment Department to establish the solid waste transportation fund consisting of appropriations, gifts, grants, donations and bequests made to the fund, and income from the fund. The fund will be used to make grants for reimbursing or partially reimbursing solid waste transportation costs incurred by municipalities and counties that transport solid waste 15 miles or more from the boundary of the municipality or county to a landfill disposal facility. The reimbursement amount would be per ton of solid waste transported per mile, as established by rule of the Environmental Improvement Board.

FISCAL IMPLICATIONS

The appropriation of \$5.0 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall not revert to the general fund.

NMED indicates that this new program will require administrative support for its development, implementation, and ongoing management. If additional staff is required, an estimated annual cost of \$65 thousand might be anticipated for FY08 and beyond. Current staffing is assumed sufficient for FY07.

Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

SIGNIFICANT ISSUES

According to NMED and NMML, costs to local communities of hauling solid waste have increased substantially due to increased fuel costs. In addition, some municipalities have the responsibility of closing old unlined landfills that are leaking contaminants into the groundwater. New state-of-the-art lined landfills are expensive and, as a result, some communities must haul solid waste long distances for proper disposal. According to NMML, some municipalities are required to make roundtrips to landfills that exceed 100 miles.

DFA has indicated that such legislation assumes municipalities operate in a fuel-efficient manner in hauling solid waste. It doesn't address logistical and collection programs like transfer stations to reduce fuel costs. The bill may be viewed as a statewide-taxpayer subsidy to municipalities operating solid waste facilities. Local residents typically bear the cost of solid waste collection and disposal services.

ADMINISTRATIVE IMPLICATIONS

The responsibility for developing rules, application, and evaluation criteria could fall to existing NMED staff. Staff would be needed to review applications, validate all submissions, administer grants, and ascertain grantees' compliance with all appropriate conditions, terms and requirements. The bill allocates no additional FTEs to fulfill its mandates.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 1002 duplicates SB 978. HB 440 adds \$5 million to the solid waste facility fund to provide grants to local communities for the capital costs of closing old landfills, transfer stations and convenience centers, constructing new landfills and purchasing equipment, which complements HB 1002 by facilitating the construction of new landfills closer to local communities and by reducing the distance that solid waste must be hauled.

TECHNICAL ISSUES

Between lines 23 through 25 on page 2, DFA has recommended deleting "Anyrevert." The statutory creation of the fund on page 1 (lines 22 through 23) already states it is non-reverting and not transferable to any other fund.

OTHER SUBSTANTIVE ISSUES

EMNRD notes that HB 1002 does not include a provision to encourage the use of alternative fuels, the purchase of fuel-efficient vehicles or the conservation of fuel. Nor does it encourage programs to reduce solid waste, such as recycling.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Municipalities and counties will continue to bear the total cost of transporting solid waste to regional landfills, which will in turn most likely cause some communities to raise the fees that are charged to residents for solid waste management. Increased illegal dumping may result because some people may not be able to afford the higher fees.