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FISCAL IMPACT REPORT

ORIGINAL DATE 2/20/07

SPONSOR Garcia, M.P. LAST UPDATED _____ HB 1213

SHORT TITLE Alternative Energy State Vehicle Purchase SB _____

ANALYST Propst

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Unknown	Unknown	Unknown	Recurring	

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)

Corrections Department (CD)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Bill 1213 requires that all state agencies began purchasing vehicles that are capable of being powered in full or in part by an energy source other than a conventional gasoline internal combustion engine, including electric power, hydrogen fuel cell, solar power, ethanol or biodiesel, or some combination thereof, or another alternative energy source. It also establishes a schedule for 25% of all vehicles to meet this standard by 2008; 50% in 2010; 75% in 2012 and 100 % must be achieved by 2014.

FISCAL IMPLICATIONS

GSD reports that a typical flex fueled vehicle will cost the Transportation Services Division (TSD) of the General Services Department (GSD) anywhere from \$2,500 to \$4,000 more than a conventional fueled vehicle. A hybrid vehicle will cost \$8,000 more. TSD would require additional funding or would be able to buy fewer vehicles.

SIGNIFICANT ISSUES

TSD is responsible for the centralized state vehicle fleet. Section 13-1B-3 1978 NMSA requires

that commencing in 2003 seventy five percent of all vehicles purchased by agencies and departments of state government must be capable of operating on alternative fuel or are gas-electric hybrid vehicles. This statute does allow for exemptions to occur based upon law enforcement requirements; unavailability of alternative fuels at a cost within 15% of the cost of conventional fuel; and, a vehicle suitable for its intended use and capable of operating on alternative fuel or a gas-hybrid.

OTHER SUBSTANTIVE ISSUES

EMNRD notes that the Alternative Fuel Acquisition Act (Act) currently requires that 75% of all vehicles acquired by agencies and departments of state government and educational institutions be capable of operating on an alternative fuel. The Act provides an exemption to law enforcement and emergency vehicles. The total number of vehicles acquired in a model year must be reported to EMNRD.

EMNRD also reported that HB 1213 conflicts with the percentage requirement of the Act and eliminates the exclusions related to the law enforcement and emergency vehicles purchased by state government agencies. HB 1213 does not include all of the fuels defined under the Alternative Fuels Acquisitions Act.

WEP/nt