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FISCAL IMPACT REPORT

SPONSOR Jennings ORIGINAL DATE 1/30/08
LAST UPDATED _____ HB _____
SHORT TITLE NM Tech Carbon Sequestration Project SB 234
ANALYST McOlash

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$400.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Higher Education (NMHED)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 234 appropriates \$400,000 from the General Fund to the Board of Regents of New Mexico Institute of Mining and Technology for expenditure in fiscal year 2009 to provide matching money for the Petroleum Recovery Research Center's federal carbon sequestration project.

FISCAL IMPLICATIONS

The appropriation of \$400,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 will revert to the General Fund.

SIGNIFICANT ISSUES

In 2003 NM TECH was named the lead organization for the Southwest Regional Partnership for Carbon Sequestration, part of a newly formed nationwide network of universities, state agencies, and private companies tasked with studying the best approaches for capturing and permanently storing, or "sequestering," greenhouse gases that affect global climate change.

The university was joined by the Western Governors Association (WGA) in coordinating the regional partnership, which is part of the federal initiative announced late last year by the U.S. Department of Energy (DOE) as a key component of President Bush's Global Climate Change research program. The role of the WGA is to coordinate communication and technology transfer among the Southwest partnership and six other national partnerships.

“Carbon sequestration” is the technical term used to describe methods for removing carbon gases from the exhausts of power plants, or from the air itself, and then storing the gases in geologic formations, soils, or vegetation.

Besides New Mexico Tech and the WGA, the partners that make up the Southwest Regional Partnership for Carbon Sequestration also include 21 state government agencies and universities, five major electric utility companies, seven oil, gas, and coal companies, three federal agencies, and the Navajo Nation.

According to NMHED the federal award for Carbon Sequestration will be 89 million dollars over the next ten years. Industry is providing matching funds in excess of \$11.5 million and NMIMT is requesting an increase in budget for fiscal year 2009 from the State of New Mexico, to provide \$650,000 per year in matching funds to equal \$6.5 million for the life of the Carbon Sequestration Project.

This \$400,000 request for the Petroleum Recovery Research Center, of which Carbon sequestration is one of the many functions of the research center, was submitted by NMIMT to the New Mexico Higher Education Department for review.

This specific \$400,000 request was not included in the NMHED recommendations.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Matching funds will need to be generated from other sources.

BM/bb