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FISCAL IMPACT REPORT

SPONSOR Leavell ORIGINAL DATE 03/05/13
 LAST UPDATED _____ HB _____

SHORT TITLE Cabinet Secretary & Stakeholder Dialogue SM 76

ANALYST Wojahn

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	*see Fiscal Implications					

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Energy, Minerals and Natural Resources Department (EMNRD)

New Mexico Environment Department (NMED)

No Response Received From

Department of Finance and Administration

SUMMARY

Synopsis of Bill

Senate Memorial 76 asks the cabinet secretaries of Energy, Minerals and Natural Resources, New Mexico Environment Department, Department of Finance and Administration and the Economic Development Department to convene a dialogue among trade associations, business associations, local government representatives, and environmental stakeholders to discuss ways to efficiently and effectively administer state laws and local policies to improve the public peace, health, safety and welfare of citizens in New Mexico.

FISCAL IMPLICATIONS

The EMNRD anticipates being able to absorb the cost of administering the dialogue; however, the EDD reports SM 76 provides no funding to support convening agencies and community organizations to study a broad list of rules and regulations affecting various industries

represented in the memorial, nor is funding appropriated to produce the report.

SIGNIFICANT ISSUES

The EMNRD and the NMED noted SM 76 describes a situation where counties and municipalities may have imposed additional, conflicting, or more restrictive requirements on extractive industries attempting to operate within their jurisdictions, and that these additional restrictions have caused conflict, confusion and duplication of state regulatory oversight of the extractive industries. Examples of these restrictions are ordinances in Santa Fe County that regulate the mining and oil and gas industries. At this time, several other jurisdictions, including Mora, San Miguel and Rio Arriba Counties, are considering new or expanded ordinances regulating oil and gas activities within the respective counties.

SM 76 requests that the secretaries of the state departments to convene a dialogue among industry, environmental and local government stakeholders. The goal would appear to be to coordinate state and local regulation of extractive industries to avoid conflicts and duplication while still protecting the public and allowing the state to continue reaping the benefits of extractive industries operating in New Mexico.

The NMED stated they routinely engage stakeholders to resolve environmental issues, so convening a group of stakeholders to discuss the “efficient and effective administration of state and local policies” would be consistent with the department’s existing outreach practices.

ADMINISTRATIVE IMPLICATIONS

SM 76 does not have language requiring any agency or government body to adhere to or conform to any of the potential recommendations resulting from such a study. The EDD states it appears the intent of the sponsor is to improve the administration of and rulemaking authority at the highest government level in order to avoid checkerboard rules, regulations that could conflict with one another or create confusion and duplication.

OTHER SUBSTANTIVE ISSUES

SM 76 does not provide a structure for how the dialogue is to occur or proceed.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

According to the EDD, the potential for conflicting duplicated regulations and rules will continue to add to the cost of those businesses in the energy and extractive industries.

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