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FISCAL IMPACT REPORT

ORIGINAL DATE 2/24/17
SPONSOR Townsend **LAST UPDATED** _____ **HB** 507

SHORT TITLE Air Quality Control & Expedited Construction **SB** _____

ANALYST Armstrong

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
	(\$2,800.0)	(\$2,800.0)	Recurring	Air Quality Permit Fees
	(\$500.0)	(\$500.0)	Recurring	EPA Air Pollution Control Grant

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
 NM Environment Department (NMED)

SUMMARY

Synopsis of Bill

House Bill 507 (HB507) revises the Air Quality Control Act to remove the provision that sources are required to receive an air quality permit prior to beginning construction or modification. In addition, HB507 changes the requirement that a local board notify NMED at least 60 days before construction begins to at least 60 days before a permit is issued.

FISCAL IMPLICATIONS

According to NMED:

HB507, as written, is inconsistent with federal law, specifically 40 CFR §51.160. If HB507 becomes law, it would likely compel the U.S. Environmental Protection Agency (EPA) to find New Mexico's implementation plan deficient under the federal Clean Air Act, which could result in EPA taking over the state's air quality permitting program. In addition, EPA would reduce the amount of federal money allotted to NMED under Section 105 of the federal Clean Air Act, and NMED would no longer be able to collect permit fees for processing permits.

SIGNIFICANT ISSUES

The state's Air Quality Control Act and most implementing regulations under the Act are part of the New Mexico State Implementation Plan (SIP) approved by EPA, which has granted NMED the authority to issue permits to sources and implement many of the Clean Air Act provisions in New Mexico. Federal regulations require SIPs to include procedures making states or local agencies responsible for final decision making on approval of construction or modification of a source. This includes evaluating the location, design, construction and operation of the source.

Regarding the timing of permitting relative to construction, federal regulations provide:

Such procedures must include means by which the State or local agency responsible for final decision making on an application for approval to construct or modify will prevent such construction or modification if:

1. It will result in a violation of applicable portions of the control strategy; or
2. It will interfere with the attainment or maintenance of a national standard.

JA/al