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FISCAL IMPACT REPORT

ORIGINAL DATE 03/05/17

SPONSOR Steinborn LAST UPDATED _____ HB _____

SHORT TITLE Recycling Project Stewardship Programs SM 71

ANALYST Daly

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)

SUMMARY

Synopsis of Bill

Senate Memorial 71 requests that the New Mexico Environment Department (NMED), among other stakeholders (including municipal government, the Economic Development Department, the New Mexico manufacturing extension, and industry representatives) participate in an advisory group to study the steps necessary to implement a product stewardship program in New Mexico. The advisory group, to be led by the New Mexico Recycling Coalition, is to identify products for stewardship programs and related logistics to launch programs within two years. Additionally, the advisory group is tasked with considering economic incentives to attract appropriate businesses to develop stewardship operations, and report its findings and recommendations to the appropriate interim legislative committee by October 1, 2018.

FISCAL IMPLICATIONS

NMED reports only indirect costs, including staff time, vehicle usage and related costs to attend advisory group meetings, which LFC staff anticipates can be absorbed by the department's existing budget.

SIGNIFICANT ISSUES

NMED first explains that product stewardship is a process that seeks to ensure that those who develop, design, manufacture, sell and use consumer products take responsibility for reducing future potential negative impacts (i.e. fiscal and environmental) by protecting the environment, public health and worker safety. Lack of such stewardship generates negative impacts such as increasing fiscal burdens on local governments to manage solid waste and provide health care, and possible future contamination of aquifers and the local environment.

SM 71 continues the work done under House Memorial 51 (2014) and House Memorial 56 (2013). NMED comments that implementation of product stewardship programs in New Mexico could help reduce the amount of some problematic solid waste generated and increase the amount of materials diverted from the waste stream, both of which are goals of the New Mexico Solid Waste Management Plan (revised 2015) and both of which could result in reducing the financial burden for disposal of solid waste, which now rests primarily with local governments.

The Department calls attention to language in SM 71 reciting that the Solid Waste Act set a statewide goal to attain a twenty-five percent recycling rate by 1995 and a further goal to increase the recycling rate to fifty percent by 2000. This language appears to reference Section 74-9-6(J) NMSA 1978, which stipulates a diversion rate of 25 percent and 50 percent respectively. NMED advises, however, that a diversion rate is different than a recycling rate because it includes items that were beneficially used in addition to those recycled. This difference results in significantly different data. The most recent calendar year statewide waste diversion rate was reported as 19 percent, and the recycling rate was reported as 16 percent. These percentages are tabulated based on information provided by facility owners/operators on required annual report forms submitted to the Solid Waste Bureau annually by February 14.

OTHER SUBSTANTIVE ISSUES

NMED notes solid waste impacts occur throughout the lifecycle of a product and its packaging. Because manufacturers have the greatest ability to reduce future negative impacts, implementation of state-wide product stewardship for certain products can shift the financial and management responsibility, with government oversight, upstream to manufacturers and away from the local public sector. Responsibility for disposal of solid waste in New Mexico now rests primarily with local governments, which have limited ability to control the amounts or types of wastes generated in their communities. Local governments also struggle to implement local programs due to limited budgets. Local managers must stretch limited fiscal resources to meet all mandated programs including but not limited to management of solid waste. Some local governments do not have the economic resources to manage programs to reduce disposal of waste, implement beneficial re-use programs or recycle materials in their area. More than 30 states now have product stewardship laws in place. Products that have most frequently been subject to product stewardship laws include electronics, paint, mattresses, mercury-containing devices, batteries, and carpet. In many cases, the legislation has been written in cooperation with industry groups such as PaintCare and the International Sleep Products Association. Stewardship programs offer a method to spread costs for items that can be expensive to manage and/or cause operational problems such as mattresses in landfills.

AMENDMENTS

One possible amendment to this memorial, suggested by NMED, would be to reduce the advisory groups to just one task: establish a product stewardship advisory group to begin communications with the paint industry and mattress industry on draft legislation. NMED reports that both paint and mattresses were identified in HM56 (2013) as top tier items for product stewardship legislation, and both the paint industry and mattress industry have draft legislation already vetted through extensive stakeholder processes that their industry as well as retailers, environmental groups and governments have supported.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMED's Solid Waste Bureau and other interested working groups will continue working to increase recycling and waste diversion in the state without the assistance of product stewardship legislation.

MD/al