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## FISCAL IMPACT REPORT

SPONSOR Tallman ORIGINAL DATE 02/18/19  
LAST UPDATED 02/19/19 HB \_\_\_\_\_

SHORT TITLE Recycling Education and Programs SB 582

ANALYST Hanika-Ortiz

### APPROPRIATION (dollars in thousands)

| Appropriation |           | Recurring<br>or Nonrecurring | Fund<br>Affected |
|---------------|-----------|------------------------------|------------------|
| FY19          | FY20      |                              |                  |
|               | \$3,118.0 | Nonrecurring                 | General Fund     |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Environment Department (NMED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 582 appropriates \$3.118 million from the general fund to NMED to operate recycling programs and for education programs to reduce recycling contamination.

### FISCAL IMPLICATIONS

The appropriation of \$3.118 million is a recurring expense to the general fund. Any unexpended or unencumbered balance at the end of FY20 shall revert to the general fund.

By virtue of the appropriation, the bill supports recycling education programs, and there is an expectation these programs will continue, which is why the appropriation is considered recurring.

In New Mexico, recycling programs are operated by local governments including municipalities, counties, solid waste authorities, and tribal governments. The appropriation would be distributed by NMED to local governments as grant funding. NMED believes 2 additional FTE and a recurring appropriation to cover those costs would be needed to administer the program and associated grants.

## **SIGNIFICANT ISSUES**

According to NMED, recycling programs worldwide are significantly impacted by China's 2017 restrictions and 2018 ban on importation of recyclable materials. As a result of the ban, other markets were flooded and commodity prices dropped so recycling programs are not financially self-sustaining.

Furthermore, NMED noted, commodity prices for recyclable materials are linked to quality of the materials, meaning that recycling programs that can produce minimally contaminated product are able to garner higher prices for their materials. Contamination levels in municipal recycling programs are highly dependent on recycling education and outreach programs in the community.

## **OTHER SUBSTANTIVE ISSUES**

NMED commented that China's ban on importation of recyclable materials is expected to cause permanent changes in markets worldwide. Communities continue to work on finding new markets and developing new strategies for the materials they collect, process, and sell. The one-time appropriation proposed by Senate Bill 582 will help community recycling programs to adapt but will not be a permanent solution to the problem of limited markets for recyclable materials in or near New Mexico.

New Mexico Recycling Coalition estimates all but 16 communities have recycling programs. The programs vary from community to community, as do funding; most programs are funded by local solid waste fees, property taxes (i.e., local government general funds), or environmental gross receipts tax.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Local recycling programs will continue to be funded through local fee structures, and education and marketing activities will continue to be directed by local program managers, with support from the Solid Waste Bureau Outreach Section of the NMED, as staff time permits, NMED concluded.

AHO/sb/al