# F I S C A L   I M P A C T   R E P O R T

| | | | | | |
|---|---|---|---|---|---|
| **SPONSOR** | Lundstrom/ Garcia/ Alcon | **ORIGINAL DATE** **LAST UPDATED** | 1/23/21 3/14/21 | **HB** | 5/aHCEDC/ec/aSJC |
| **SHORT TITLE** | Electric Facility Authority Board Members | | | **SB** | |
| | | | | **ANALYST** | Martinez |

## ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY21 | FY22 | FY23 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|---|
| **Total** | NFI | NFI | NFI | | | |

(Parenthesis ( ) Indicate Expenditure Decreases)

**SOURCES OF INFORMATION**
LFC Files

Responses Received From
Economic Development Department (EDD) – on original bill

**SUMMARY**

Synopsis of SJC Amendment

Senate Judiciary Committee (SJC) removes HCEDC amendment 5, deleting the word voting in the following sentence: "Section 2 (A) that the governing body of the county shall appoint five authority *voting* members."

SJC amendment, in section 2 (A) inserts that "one of the members appointed by the governor shall be a resident of a county that is a part of the authority who shall be a voting member and who shall serve with the advice and consent of the senate. The other two members appointed by the governor shall be non voting members of the authority."

Synopsis of HCEDC Amendment

The House Commerce and Economic Development Committee amendment to HB5 changes the amount of voting members on the committee from eight to five, removes the option of a member being included from a coal fuel electric generating facility and adds an emergency clause.

Synopsis of Original Bill

House Bill 5 amends the Electric Generating Facility Economic District Act (Section 71-10-1 NMSA 1978) as it relates to the terms and qualification of Authority Members and by whom they are appointed.

The bill adds governor-appointed members to the authorities, and outlines their terms and qualifications, while also increasing the number of members on each authority. It also increases the number of non-voting members. Those members are appointed by the utility or a coal fueled electric generating facility that is owned by the utility and has been or is in the process of being retired, rather than by the governor. The time-frame allowed for bordering counties that have not created a district to join an existing authority is extended to June 30, 2021.

## FISCAL IMPLICATIONS

There are no fiscal implications related to the bill.

## SIGNIFICANT ISSUES

The Economic Development Department provided the following on the original bill:

> The additional language provides clarification as to the terms of the authority members and who appoints them.
>
> The number of authority members increased from five to eight, with five being appointed by the governing body of the county in which the authority exists, and three being appointed by the governor. The members appointed by the governor serve at the pleasure of the governor for two-year terms. The remaining voting members serve staggered terms. The number of non-voting members serving on the authority increased from one to two. The non-voting members are no longer appointed by the governor, but rather the non-investor-owned electric utility or a coal-fueled electric generating facility that is owned by a non-investor-owned electric utility and has been or is in the process of being retired, with a two-year term. Lastly, the period allowing an authority to authorize a county bordering the county that created the district to join the district is extended from December 31, 2020 to June 30, 2021, and the number of members the additional county may appoint increased from four to five.

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

The Economic Development Department provided the following on the original bill:

> Bordering counties that have not created a district by December 31, 2020 and wish to join a district will not have the opportunity to do so, and would therefore potentially be excluded from the economic benefits of the income generated from bonds authorized by the district.
>
> The governor would not have the opportunity to appoint members to district authorities who could potentially add valuable expertise to the authority membership.

JM/rl/al