

LFC Requester:	Helen Gaussoin
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 1/25/24

Bill No: House Bill 237

Sponsor: <u>Dixon, Ortez, Small</u>	Agency Name and Code <u>Economic Development Department 41900</u>
Short Title: <u>Climate, Energy & Water Authority Act</u>	Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	\$10,000	Nonrecurring	General Fund
	\$5,000	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

House Bill 237 (HB237) creates the Climate, Energy and Water Authority (Authority) to support the development of climate, energy and water projects and economic industries through permitting, partnerships, workforce development, grant programs, and decarbonization initiatives.

Specifically, the Authority is tasked with 1) serving as project permitting navigators for climate, energy and water projects; 2) identifying site-ready and brownfield locations for climate, energy and water projects; 3) providing recommendations for the streamlining of permitting for climate, energy and water projects; 4) working with international, regional and national entities on climate, energy and water technology and economics; 5) coordinating with industry and workforce organizations, educational and post-secondary educational institutions and the Department of Workforce Solutions to ensure a trained workforce; 6) engaging directly with Indian nations, tribes and pueblos on energy partnerships; 7) identifying and facilitating applications from New Mexico entities for competitive federal grants relating to climate, energy and water technology, hubs and economics; 8) establishing guidelines and rules for programs and grants for clean energy, water and energy conservation technology pilot and demonstration projects; 9) developing an annual two-year strategic plan; 10) composing and distributing information on climate, energy and water technology sectors; and 11) creating programs to support decarbonization.

The bill gives the Authority the ability to adopt relevant rules and engage in contracting. The Authority is administratively attached to the Economic Development Department and is empowered to share employees with the Environment Department, Energy, Minerals and Natural Resources Department, and Workforce Solutions Department.

HB237 directs the Authority to establish a Decarbonization Technology Program in order to support and recruit relevant businesses to the state, coordinate and promote relevant technology transfer, commercialization, and decarbonizing supply chain connections, and develop and implement relevant tools and incentives.

The Authority will be governed by a fifteen-member board made up of seven ex-officio voting members from relevant state agencies, six voting members with relevant expertise appointed by the governor from a list of nominees submitted jointly by legislative leadership, two ex-officio nonvoting members, and the chair of the Public Regulation Commission. The board will appoint

an executive director to manage the Authority's work.

HB237 also creates the Climate, Energy and Water Project Fund, established as a nonreverting fund available to be disbursed as grants for matching funds for relevant federal grants, relevant pilot and demonstration projects, and relevant studies and research.

The bill makes two appropriations:

- A nonreverting, nonrecurring appropriation of ten million dollars (\$10,000,000) from the general fund to the Climate, Energy and Water Project Fund.
- A reverting, nonrecurring appropriation of five million dollars (\$5,000,000) from the general fund to the Climate, Energy and Water Authority to carry out the purposes of the legislation.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

The creation of the Climate, Energy and Water Authority and the Climate, Energy and Water Project Fund will streamline and catalyze state agency efforts to support and grow climate, energy and water technologies and industries in New Mexico. The establishment of a dedicated body to coordinate relevant cross-agency initiatives will enable the state to better advance economic, workforce, and climate initiatives. The creation of the Authority will also bring New Mexico onto the same playing field as other states that already operate similar entities, such as the Massachusetts Clean Energy Center and the North Carolina Clean Energy Technology Center. The work the Authority will be able to do will be essential to New Mexico meeting its clean energy and climate goals, preserving water resiliency, and growing and diversifying the state's economy.

Currently, the Economic Development Department (EDD) is the only state agency providing grant awards to support the development and advancement of technology transfer, commercialization, and business growth in the climate, energy and water sectors – but the department's available resources for grants are small and are far outstripped by demonstrated demand and potential. The EDD Office of Strategy, Science & Technology frequently works with growing science and technology companies in search of funds and support for pilot projects and technology demonstrations, but the state currently lacks the funds to provide such support. Dedicated funding for grant programs and technology demonstration projects will enable the state to support more New Mexico startups and advance relevant technologies at a faster pace, in addition to attracting businesses from out of state, which will grow economic activity and create jobs in New Mexico.

Additionally, the state could greatly benefit from having a dedicated body and dedicated staff for the purpose of identifying and facilitating applications from New Mexico entities for competitive federal grants relating to climate, energy and water technology, hubs and economics. Recently enacted federal legislation has established a great many such federal funding opportunities, but New Mexico currently lacks both a centralized body and dedicated funding source to coordinate

relevant coalition and application efforts in the topic areas relevant to climate, energy and water. In this way, the establishment and funding of the Authority will better support the state's efforts to secure as many available and relevant competitive federal funds as possible.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

The Authority would be administratively attached to the Economic Development Department, potentially creating some administrative duties for existing department staff. The Secretary of Economic Development or their designee would also be required to serve on the governing board of the Authority.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS