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| LFC Requester: | Davidson |
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AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}

Date Prepared: 1-23-26 *Check all that apply:*
Bill Number: SB47 Original Correction
 Amendment Substitute

Sponsor: Campos **Agency Name and Code:** NMED/667
Short: Food Recovery and Composting Act **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY26 | FY27 | | |
| N/A | N/A | N/A | N/A |
| | | | |

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|-----------|-----------|---------------------------|--------------------------|
| FY26 | FY27 | FY28 | | |
| N/A | \$9,500.0 | \$9,500.0 | Recurring | Food Recovery (proposed) |
| | | | | |

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY26 | FY27 | FY28 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|---------|---------|---------|-------------------|---------------------------|---------------|
| Total | \$150.0 | \$450.0 | \$450.0 | \$1,500.0 | Recurring | GF |

(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

This bill creates the “Food Recovery and Composting Act” to establish a food recovery program, aiming to divert food waste and green waste from landfills, to reduce landfill space taken up by these products and increase the amount of usable compost, state-wide, to aid in improving soils used for agricultural purposes as well as utilizing composted materials in erosion control among other uses. It proposes to establish a \$3.00 per ton surcharge on every ton landfilled to aid in financing the bill’s intended actions. The surcharge is reduced to \$2.00 per ton for solid waste facilities with on-site composting capability. The bill proposes the creation of a 15-member advisory board for the purpose of reviewing and awarding grant monies to support the goals of this bill. The proposed effective date of this bill is July 1, 2026, and the effective date of the grant program is proposed for January 1, 2027.

FISCAL IMPLICATIONS

The estimated revenues are based on landfilled tonnage only, using the \$3.00 a ton rate, as we do not have data for the \$2.00 a ton rate for landfills with compost facilities. The 2023 Facility Annual Report Data as calculated for our current waste characterization analysis show that over 3.1 million tons of trash were disposed in New Mexico landfills. This calculates to an estimated \$9.5 million in revenue annually.

The \$3.00 per ton surcharge is designated for all solid waste facilities operating within the state, including landfills and transfer stations. Transfer stations are not final disposition of materials; trash that moves through a transfer station goes on to be landfilled. If the surcharge were to be levied on transfer stations, the same ton of trash would be charged twice, resulting in a \$6.00 fee.

This generation of revenue may be used for grants and other programs. Creating a grant program for recycling, especially with funds of this magnitude would necessitate at least two (2) additional FTEs at \$304,000 annually.

The bill allows the Department to also spend funds on outreach, education and contractual services to advance organics diversion initiatives. Additional funds for these activities would increase the Department’s Resource Recovery Bureau’s outreach and education budget significantly, however, there is no specification for using the funds for additional staff, which would be required to develop these programs. It would take at least one (1) additional FTE to focus on these projects, an additional expense of \$152,000 annually.

SIGNIFICANT ISSUES

The \$3.00 per ton increase to tipping fees at landfills will require a fee increase approved by the governing bodies of the facilities, i.e. City Councils, County Commissions and Joint Powers Boards of Solid Waste Authorities. This fee increase will result in trash collection fee increases. Regardless, it takes several months to write and enact a fee increase making the effective date of July 1, 2026 unlikely for these political subdivisions. NMED recommends pushing this date out

by 12 months. Further, NMED manages over 125 separate funding sources, including 26 special revenue funds. The creation of new funds is generally discouraged by the Department as it creates programmatic silos and administrative burdens. NMED recommends SB47 utilize the Recycling, Circular Economy, and Illegal Dumping Act associated fund. From a policy perspective, SB47 aligns with this Act. This will streamline SB47 and the Department's administration.

Solid Waste Facilities

The designation and definitions of solid waste facilities are problematic. "Landfill systems" do not have a definition in Department rules. The definition of compost in the Solid Waste Rules, 20.9.2.7 C (12) states that compost may be used as a soil amendment or a growing medium amendment only. It does not include "fertilizer" or "growth media" as described in the bill. Some Transformation facilities may also be considered recycling or diversion; this bill does not fully differentiate who might be charged the fee. For instance, biochar might be a product of a transformation facility, and that is potentially a soil amendment from sorted organic material. NMED may need to clarify rules through a rulemaking process depending on the final version of SB47.

Grant Program

This bill creates a new grant program specifically for organic materials. It creates a "food waste and composting advisory group" with specific representative designations from agricultural, government, and economic stakeholder groups. The department is directed to make rules for administering the grant program and managing the working group. However, a grant working group already exists in the form of the Recycling and Illegal Dumping (RAID) Alliance which, is overseen by NMED's Resource Recovery Bureau. The RAID grants, created by the Recycling, Circular Economy and Illegal Dumping Act, are specifically for recycling programs, circular economy programs and illegal dumping mitigation. This Act provides the Department with broad authority to address composting and organics diversion programs. The RAID Alliance has similar representative designations, and focuses on grant application guidelines, eligibility requirements, reviewing applications and has created effective scoring rubric and reporting requirements. A second grant working group would result in redundancy and complications in these already established areas. It would be preferable to utilize the RAID Alliance to further SB47 rather than create a new advisory group.

In the 2025 Legislative session, HB 291 updated the Recycling, Circular Economy and Illegal Dumping Act to eliminate the requirement that 2/3 of the funding go to a specific project areas (e.g., scrap tires). The Department asked for this change because local governments and eligible entities don't always have needs that align with predetermined recycling commodity goals and waste streams; rather, the intent was to open up the grants to fund more recycling projects, including composting and other organic diversion projects. The Fiscal Year 2027 Recycling, Circular Economy and Illegal Dumping Act Grants that open in April 2026 will reflect these changes.

PERFORMANCE IMPLICATIONS

As stated, the Department manages over 125 funding sources, including 26 special revenue funds. The Department leadership have focused on reducing funds to create a nimbler use of revenues and simplify budgeting. The creation of new funds further stovepipes the Department and increases the complexity of operations.

ADMINISTRATIVE IMPLICATIONS

The effective date of June 1, 2026 is only six months before the effective date of the grant program. Expenses, like staffing and contracts, will not be budgeted until Fiscal Year 2028, when 12 full months of surcharge collections have been completed. The Recycling, Circular Economy and Illegal Dumping Act associated fund allows for revenue expenditure through a budget adjustment request (i.e., BAR) throughout the fiscal year which assists the policy goals of SB47.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill largely duplicates the Recycling, Circular Economy and Illegal Dumping Act grant program. SB47 may benefit from greater integration with HB291 infrastructure as achieved in the 2025 Regular Legislative Session. Specifically, relying on the fund and the board in HB291.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

The Resource Recovery Bureau is currently developing two plans, the State Solid Waste Management Plan and the Circular Economy Plan, and these both involve stakeholder input. This includes strategies to address organic wastes, and/or future actions to address organics. In both cases, the recommendations already established by the statewide composting study produced in FY25 by the New Mexico Agriculture Department will also be considered for the development of the two plans.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted, the specific policy goals will remain but may be diluted with other strategies. However, the specific policy goals will continue as such plans that are already underway for the NMED Resource Recovery Bureau. These plans will contain strategies for organic wastes and these strategies were developed by solid waste facility stakeholders, who are the potential grantees for this bill. Further, the recent adoption of the NMED Clean Transportation Fuel Standards rules may further incent the policies associated with this bill. The passage of this bill will heighten stakeholder attention and direct Agency resources.

AMENDMENTS