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FISCAL IMPACT REPORT

SPONSOR: Taylor DATE TYPED: 02/10/03 HB 291

SHORT TITLE: Study Ozone Pollution in Northwest New Mexico SB _____

ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$200.0			Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$200.0		Non-recurring	Federal Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Legislative Finance Committee files

Responses Received From

Department of Environment
 Energy, Minerals and Natural Resources Department
 State Highway and Transportation Department

SUMMARY

Synopsis of Bill

House Bill 291 appropriates \$200.0 from the general fund to the Department of Environment for the purpose of conducting a study of ozone pollution in northwestern New Mexico. The bill ap-

appropriates general fund to match federal funds for the two-year project and prohibits NMED from expending more than \$100.0 in any fiscal year. The bill carries a reversion clause.

Significant Issues

The Air Quality Bureau of NMED monitors air quality via four monitors in the area surrounding the Aztec/Farmington/Bloomfield. These monitors have recorded ozone levels near the national ambient air quality standard (NAAQS) for this criteria pollutant. If ozone levels reach and exceed the national threshold, it will put San Juan County into non-attainment status and the U.S. Environmental Protection Agency (EPA) will require mandatory reductions in emissions. Federal highway funds earmarked for New Mexico could also be jeopardized if non-attainment occurs. Finally, non-attainment would jeopardize public health.

As this issue developed, NMED took a proactive stance in working with local governments and industries to prevent non-attainment. The result of these cooperative efforts was signing of an early action compact between NMED, EPA and local communities, which outlines milestones to ensure the area does not go non-attainment. The compact requires a study be done to identify the major sources of ozone pollution and strategies for reducing these emissions.

FISCAL IMPLICATIONS

The appropriation of \$200.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

The bill mentions the general fund appropriation serving as a match to federal funds, however, it is not clear if the match would be one-dollar for one-dollar. It may be useful to add contingency language that would require as a minimum, a one-for-one match of federal funds. Sample language is provided below:

The general fund appropriation to the department of environment for the ozone pollution study is contingent upon a dollar-for-dollar match from federal funds.

POSSIBLE QUESTIONS

Have the communities within San Juan County set aside funding for the ozone study?

Has the U.S. EPA confirmed matching funds for this project if general funds are appropriated?

Can the department's cash balances in either the air quality permit fees fund or air quality Title V fund be used instead of general fund?

MFV/prr