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FISCAL IMPACT REPORT

SPONSOR: Smith DATE TYPED: 02/04/03 HB _____

SHORT TITLE: Air Quality Standards for Cotton Gins SB 205

ANALYST: Valenzuela

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	See Fiscal Impact		Recurring	OSF/FED

(Parenthesis () Indicate Revenue Decreases)

Duplicates House Bill 192

SOURCES OF INFORMATION

Legislative Finance Committee files

Responses Received From

Department of Environment (NMED)

State Highway and Transportation Department

SUMMARY

Synopsis of Bill

Senate Bill 205 amends the Air Quality Control Act by requiring the Environment Department not deny an application for an air quality permit to cotton gins or other seasonal agricultural operations based on air quality dispersion modeling provided "best available control technology" is used. "Best available control technology" for cotton gins is defined in the legislation. Air quality dispersion modeling for these operations is only allowed in the case of permitting under the requirements for prevention of significant deterioration.

Significant Issues

Dispersion modeling is a computer simulation of emitted pollutants in the area surrounding an emitting facility, i.e., a cotton gin in this instance. The simulation uses meteorological variables to predict concentrations in the area over time. Industry has argued against using computer modeling techniques, such as dispersion modeling, because of the potential for these models to over predict pollutant concentrations. Therefore, the Department of Environment would have to use air quality monitors to track the actual emissions from these types of facilities.

NMED asserts that enactment of this bill could jeopardize the state's compliance with the federal Clean Air Act. The department references an U.S. Environmental Protection Agency (EPA) letter, dated January 22, 2003 and attached, which makes the following statement, "For New Mexico's new source review state implementation plan to remain approvable, the State agency must retain its authority to require modeling and test methods as determined necessary for both permitting and compliance decisions." The result of non-compliance could be New Mexico losing its new construction air quality permitting program.

NMED reports that there are seven cotton gins operating in New Mexico. Five of these facilities are grand-fathered under the requirements of the federal Clean Air Act until they seek modifications of its facilities.

FISCAL IMPLICATIONS

NMED reports that enactment of the bill could jeopardize the revenue generated in the new construction permitting program (\$1,200.0) and revenue generated from the federal government (\$600.0).

ADMINISTRATIVE IMPLICATIONS

After enactment of this bill, the department states that EPA could issue NMED a notice of deficiency requiring the state to come into compliance with the Clean Air Act within a specific time frame.

MFV/sb/njw