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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED 2-7-06 **HM** 41

SPONSOR Balderas

SHORT TITLE Renewable Fuels Task Force **SB** _____

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB282

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of House Memorial

House Memorial 41 requests that the Energy, Minerals and Natural Resources Department (EMNRD) create a task force to promote and/or require the production and utilization of renewable fuels in New Mexico. Specifically the memorial requests that:

- EMNRD convene a Renewable Fuels Task Force, which shall include representatives from petroleum marketers, refineries, dairy and agricultural and forest industry, renewable fuels industries, the clean energy non-profit community, in cooperation with the New Mexico Department of Agriculture, Taxation and Revenue Department and other relevant state agencies, auto dealers and any other entities deemed necessary by EMNRD.
- The task force is to develop legislation for renewable fuels standards, evaluate the potential for New Mexico agricultural entities to contribute to the production of renewable fuels in state, and develop strategies to enhance the development of the renewable fuels industry in New Mexico.

- A report is to be provided by October 1, 2006 and copies be transmitted to the Governor, the appropriate New Mexico Legislative Interim Committee, Congressional delegation, the Secretary of Energy, Minerals and Natural Resources, the Secretary of Taxation and Revenue Department and the Director of the Department of Agriculture.

SIGNIFICANT ISSUES

The Energy, Minerals and Natural Resources Department (EMNRD) indicates that enactment of this memorial would bring the renewable fuels industry, agricultural, dairy, refinery petroleum marketers, auto dealerships, clean energy non-profit community, state agencies and other interested parties to develop a consensus to develop legislation. New Mexico has significant potential for renewable fuel production and use of renewable fuels in New Mexico would continue to stimulate renewable fuels production and provide for rural economic development. Further, use of renewable fuels in New Mexico will also help to achieve other goals such as lessening our dependence on foreign oil and reduction of greenhouse gas emissions. With the State's membership in the Chicago Climate Exchange, we are required to reduce greenhouse gas emissions or be forced to purchase credits.

PERFORMANCE IMPLICATIONS

EMNRD suggests that this legislation is in direct support of Governor Richardson's Executive Order 2005-049 requiring the increased use of renewable fuels in New Mexico State Government. EMNRD with cooperation and assistance of the General Services Department (GSD), Department of Public Safety (DPS), and the Department of Transportation (DOT) are responsible for facilitating and reaching the goal of the fifteen percent renewable fuels usage for state fleets. The bill could increase the output of EMNRD programs by greatly expanding the renewable fuels infrastructure. New Mexico's agricultural industry has the capability and interest to participate in the renewable fuel initiative.

ADMINISTRATIVE IMPLICATIONS

EMNRD indicates that there would be a negligible administrative impact on the department, and that EMNRD's responsibilities under this legislation could be accomplished with existing staff resources if ECMD positions are funded to the level requested in the Executive budget.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB282.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

EMNRD notes, "We will not provide a means to achieve the objectives of the Governor's Executive Order 2005-33 regarding climate change and greenhouse gas reductions or the requirements of the Chicago Climate Exchange. The requirement to meet this initiative is a four percent reduction by the end of calendar year 2006."

EMNRD further indicates that without the legislation, the agricultural sector will lack an opportunity to grow crops for biofuels plant feedstock. Animal waste, specifically dairy manure, has

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great potential as an energy input for the production of ethanol. Using the methane produced from dairy waste dramatically reduces methane emissions (an aggressive greenhouse gas); the captured methane effectively replaces natural gas as a major energy input for ethanol production. Other economic development benefits are job creation and marketable products that result from biofuels production. Such benefits may not be realized without developing legislation.

BW/nt