

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 2/08/06

SPONSOR Grubestic LAST UPDATED _____ HB _____

SHORT TITLE Alternative Energy Cooperative Ownership SB 635

ANALYST Earnest

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|--------|-------------------------|------------------|
| FY06 | FY07 | | |
| | \$75.0 | Recurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

Senate Bill 635 relates to House Bill 696.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Department of Environment (DE)

SUMMARY

Synopsis of Bill

Senate Bill 635 appropriates \$75 thousand from the general fund to the Economic Development Department to contract with a not-for-profit community development corporation in Santa Fe and Bernalillo counties with at least fifteen years of experience with the “Mondragon cooperative system” for the purpose of promoting the development and ownership of alternative energy source by low- and moderate-income populations.

FISCAL IMPLICATIONS

The appropriation of \$75 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year shall revert to the general fund.

SIGNIFICANT ISSUES

EDD indicates it doesn't have experience in administering a contract of this type. The number of Community Development Corporations with extensive experience in the "Mondragon Cooperative Systems" model might be very limited.

ADMINISTRATIVE IMPLICATIONS

EDD staff will be required to administer the contractual agreement with the nonprofit corporation. The staff member administering the contract will need basic working knowledge of the corporation's function, as well as a basic working knowledge of the "Mondragon Cooperative Systems" model, to ensure that legislative intent is met.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 635 relates to House Bill 696.

OTHER SUBSTANTIVE ISSUES

The Department of Environment notes that a similar bill (HB 696) could promote economic development and alternative energy sources in the State. The bill doesn't define what alternative energy sources are, although it is likely to mean renewable sources, such as wind, solar and biomass power sources. The promotion of renewable energy sources could delay or obviate the need for the construction of new dirtier sources of power, such as conventional coal-fired power plants. The State's coal-fired power plants are major sources of air pollution, such as oxides of nitrogen, sulfur dioxide, particulates, mercury and carbon dioxide. These air pollutants adversely impact public health, visibility, and the global climate.

BE/nt