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FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/10

SPONSOR Keller LAST UPDATED HB

SHORT TITLE Triple Bottom Line Accountability Study SB 36

ANALYST Woods

APPROPRIATION (dollars in thousands)*

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Response Received From

Energy, Minerals and Natural Resources Department (EMNRD)

No Response Received From

Department of Finance and Administration (requested 01/19/10)

SUMMARY

Synopsis of Bill

This legislation seeks to authorize the Energy, Minerals and Natural Resources Department (EMNRD) to accept donations and grants to fund a study on the implications of triple bottom line accountability, a term that encompasses not just economic but also social and environmental values and criteria for organizations. The Department is to periodically report to the legislature on donations received and the study produced.

FISCAL IMPLICATIONS

EMNRD notes that the legislation authorizing the department to accept grants and donations to perform the study. Thus, there is no negative fiscal impact on the State if grants and donations are received. However, there would be an impact if the study needed to be produced without grants and donations. Further, the department must devote resources to the design of a study and to the solicitation of grants and donations to fund the study.

SIGNIFICANT ISSUES

EMNRD raises the following considerations:

[John Elkington](#), author of *Green Consumer Guide* and Chair of SustainAbility, explains triple bottom line accountability: “If sustainable development is to become a global reality rather than remain a seductive mirage, governments, communities, companies and individuals must work together to improve their ‘triple bottom line’ (economic, social and environmental) performance. To this end, we not only need new forms of accountability but also new forms of accounting. This does not mean that every aspect of a company’s performance can – or should – be reduced to a ‘common currency’ of money values. But if we are to manage a given company’s performance effectively we also need to be able to measure it. We must find accurate, useful and credible indicators of progress in terms of economic prosperity, environmental quality and social justice.”

The study as called for by SB 36 would address the implications of changing how organizations currently account for their performance. For public agencies, not only would they need to address how public dollars are spent, but they also need to ensure that decisions are made that enhance the environment as well as social justice. For instance, a public office or school would normally locate a new building on cheap land at the fringe of a community. Under triple bottom line accountability, it would pay higher costs for a building in the existing community that does not exacerbate sprawl so that it does not harm the environment and allows clients and/or students to walk, bike or take transit instead of driving.

PERFORMANCE IMPLICATIONS

EMNRD states, “SB 36 aligns with the department’s mission to support renewable energy production and encourage energy conservation and efficiency.”

ADMINISTRATIVE IMPLICATIONS

EMNRD advises that the “...Department must divert resources to design a study, to solicit donations and grants to fund the study and to provide periodic reports to the Legislature.” Further, “If the General Fund for the Energy Conservation and Management Division is reduced and grants and donations contemplated by this bill do not materialize, the division will not have the necessary staff resources to allocate to perform the study.”

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None noted by respondent.

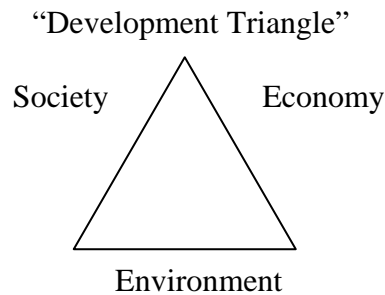
TECHNICAL ISSUES

EMNRD advises, “SB 36 fails to define the scope of the study. The Department will need to determine if the study will apply just to EMNRD or to all of state government or to selected programs.”

OTHER SUBSTANTIVE ISSUES

As background, EMNRD offers the following discussion:

Management theorists and consultants have been wrestling with ways to redefine how to measure success for years, through concepts such as [healthy communities](#), [theory of change methodology](#), scenario planning and, most relevant, [sustainable development](#). Sustainable development, which many would construe as the same as, or most similar to, the concept of triple bottom line accountability, interrelates social, economic, and environmental issues to advance all parties, instead of moving one forward at the expense of the others.



The development triangle concept was developed in the 1990s for the Ford Foundation by the Aspen Institute to explain how pressures to create jobs and attract businesses are often done at the expense of local cultures and the environment. The concept of triple bottom line accountability expands on that concept to measure success in new ways with new criteria, beyond standard accountability measurements.

ALTERNATIVES

EMNRD suggests, “Perform the study at the Department of Finance and Administration.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

EMNRD states, “The major energy efficiency and renewable energy initiatives underway in New Mexico will continue on their current paths.”

AMENDMENTS

None noted by respondent.

BW/svb:mew