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FISCAL IMPACT REPORT

SPONSOR Sharer ORIGINAL DATE 03/14/11 LAST UPDATED _____ HB _____
SHORT TITLE Study NM Rare Earths Industry SJM 30
ANALYST Haug

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY11 | FY12 | FY13 | 3 Year Total Cost | Recurring or Non-Rec | Fund Affected |
|--------------|------|------|------|----------------------|-------------------------|------------------|
| Total | | NFI | NFI | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Joint Memorial 30 requests the New Mexico Institute of Mining and Technology to work in cooperation with the Energy, Minerals and Natural Resources Department to perform a one-year feasibility study to determine the availability and commercial potential of rare earths.

The study is directed to perform a coordinated and expedited review of permits or other actions to promote investment in, exploration for and development of New Mexico rare earths and to identify the nature of lands where rare earth deposits are located as State, Federal, Tribal or private lands. The responsible institutions would report to the Senate Conservation Committee and the House Energy, Minerals and Natural Resources Committee.

FISCAL IMPLICATIONS

Senate Joint Memorial 30 has no fiscal implications.

SIGNIFICANT ISSUES

The ENMRD comments:

SJM 30 seeks to address the need to develop strategic reserves of rare earth elements, as well as expand domestic production, reduce dependency on foreign production and take advantage of worldwide markets for these mineral resources.

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The feasibility study required by SJM 30 would have two distinct components, the economic geological evaluation of rare earth elements and the review of permitting actions associated with the development of these resources. The NM Tech Bureau of Geology & Mineral Resources is best able to carry out a geographic and economic evaluation of rare earth minerals. NM Tech has conducted, and is conducting, research on the location of rare earth elements and minerals in New Mexico. EMNRD will be responsible for permitting any exploration or mining of rare earth minerals under the New Mexico Mining Act. EMNRD recently approved an exploration permit for a rare earths project and several more applications are nearing approval.

SJM 30 creates the need for the two agencies to closely coordinate their efforts to satisfy the requirements of SJM 30 and combine them into a report. NM Tech Bureau of Geology and EMNRD Mining and Minerals Division have cooperated on other projects so coordination should be difficult.

GH/svb