

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

FISCAL IMPACT REPORT

SPONSOR <u>Padilla/Stewart</u>	LAST UPDATED _____
	ORIGINAL DATE <u>1/31/24</u>
SHORT TITLE <u>Use of Environment Fees & Funding</u>	BILL NUMBER <u>Senate Bill 228</u>
	ANALYST <u>Wan Smith</u>

REVENUE* (dollars in thousands)

Type	FY24	FY25	FY26	FY27	FY28	Recurring or Nonrecurring	Fund Affected
		Indeterminate but minimal gain	Recurring	Public Water Supply System Operator Fund			
		Indeterminate but minimal gain	Recurring	Water Recreation Facilities Fee Fund			
		Indeterminate but minimal gain	Recurring	Solid Waste Permit Fund			

Parentheses () indicate revenue decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMED	No fiscal impact	At least \$500.0	At least \$500.0	At least \$1,000.0	Recurring	Other state funds
NMED	No fiscal impact	At least (\$500.0)	At least (\$500.0)	At least (\$1,000.0)	Recurring	General Fund
Total	No fiscal impact	\$0	\$0	\$0	Recurring	

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Environment Department (NMED)

SUMMARY

Synopsis of Senate Bill 228

Senate Bill 228 (SB228) amends the statutes governing certain special revenue funds administered by the Environment Department (NMED) and supported by a variety of permit and application fees collected by the agency. The bill expands the allowable uses of the funds to include “other operational expenses” in addition to the specific statutory purpose of each fund. The funds affected by this change are the:

- Radiologic technology fund
- Public water supply system operator and public wastewater facility operator fund
- Water conservation fund
- Environmental health fund
- State air quality permit fund
- Radiation protection fund
- Hazardous waste fund
- Storage tank fund
- Hazardous waste emergency fund
- Voluntary remediation fund
- Water quality management fund
- Recycling and illegal dumping fund
- Rural infrastructure revolving loan fund

Additionally, SB228 strikes language where the specific fee amounts for three programs are set in statute and replaces it with language that allows NMED to set fees to cover the reasonable costs of providing program services and other operational expenses of the department. The affected fees are for the utility (water supply system) operator program, the public pool and spa (water recreation facilities) program, and the solid waste program.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

NMED’s operating budget is partly supported by special revenue funds. Providing the agency with more flexibility in how these funds can be used and allowing the agency to set fees that are currently set in statute will enable higher utilization of NMED’s fee revenue. This, in turn, should allow the agency to maintain program services when operating costs rise without the need to request general fund budget increases.

NMED expects the annual operating budget impact to its special revenue funds to increase by approximately \$500 thousand. This would result in a corresponding decrease in general fund expenditures, assuming the Legislature would, in fact, increase NMED’s general fund budget in FY25 to support the programs affected by SB228.

SIGNIFICANT ISSUES

Statutory restrictions on using revenue sources for specific programs or purposes create complications and inefficiencies within the agency. Resources purchased with fee revenue from one program cannot be used by employees in another program, creating duplicative spending when it would make more sense for those resources to be shared. This applies even to larger expenses, such as vehicles and office space, preventing NMED from making the most efficient use of its funding and, in extreme cases, forcing resources to go to waste.

CWS/ss/hg/ss