AN ACT

RELATING TO NATURAL RESOURCES; PROVIDING FOR A STUDY OF THE ECONOMIC FEASIBILITY OF ADDITIONAL NATURAL GAS PIPELINE SYSTEMS; AUTHORIZING THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT TO BUILD AND OPERATE A PIPELINE SYSTEM FUNDED BY TRANSPORTATION BONDS ISSUED BY THE STATE HIGHWAY AND TRANSPORTATION DEPARTMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. FINDINGS AND PURPOSE.--

A. The legislature finds that:

(1) the natural gas industry is an important contributor to the New Mexico economy, as a significant source of both employment and direct state revenues;

(2) New Mexico ranks second among the states in onshore natural gas reserves and will likely continue to be so.
a major producer of natural gas for the foreseeable future;

(3) a study funded by Laws 1996, Chapter 7 concluded that an additional pipeline capable of transporting New Mexico natural gas to additional markets was, at that time, not economically feasible; and

(4) the study should be updated on a regular basis and, if the results show that such a pipeline is economically feasible and otherwise in the best interests of the state, but that private entities are not willing to undertake the building and operation of the pipeline, a method should be found for the state or its contractors to finance, build and operate the pipeline.

B. The purpose of this act is to provide a mechanism for the continuous monitoring of the need for an additional natural gas pipeline in New Mexico and, if necessary, to provide a mechanism for financing, building and operating such a pipeline.

Section 2. NATURAL GAS PIPELINE STUDY--ADDITIONAL DUTIES.--

A. The state highway and transportation department, the energy, minerals and natural resources department and the economic development department shall jointly continue to study the costs and benefits of financing, building and operating a pipeline to transport natural gas produced in New Mexico to additional markets. The study shall
include:

(1) the economic feasibility of the proposed pipeline;

(2) the necessity of the proposed pipeline; and

(3) alternatives to the proposed pipeline and the environmental or economic benefit of the alternatives.

B. If, at any time, the study concludes that an additional natural gas pipeline is necessary, the energy, minerals and natural resources department shall give notice to all persons the department finds, in its sole discretion, to be interested in or affected by the pipeline. If, after six months from the notice, the department finds that the need still exists and persons capable of meeting the need for the pipeline have not acted or proposed to act in a manner capable of meeting the need, the energy, minerals and natural resources department may consult with the economic development department, the state highway and transportation department and the state highway commission concerning whether the pipeline should be considered a “transportation system” for the purposes of Sections 67-3-71 through 67-3-77 NMSA 1978.

C. If the energy, minerals and natural resources department, the economic development department, the state highway and transportation department and the state highway commission agree that the pipeline should be a transportation
system, the state highway and transportation department may acquire property pursuant to Section 67-3-71 NMSA 1978 and the state highway commission may issue transportation bonds pursuant to Sections 67-3-72 through 67-3-76 NMSA 1978. Any property acquired and the proceeds of any transportation bonds sold shall be transferred to the energy, minerals and natural resources department for the purposes of designing, constructing and operating the pipeline; provided that the net income generated by the operation of the pipeline shall be pledged and used only by the state highway commission to pay the transportation bonds.

D. The energy, minerals and natural resources department, the state highway and transportation department and the economic development department shall annually report to the legislature on the results of the study required by Subsection A of this section and on any activities conducted pursuant to Subsections B and C of this section.
FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

February 22, 1999

Mr. Speaker:

Your ENERGY AND NATURAL AND RESOURCES COMMITTEE, to whom has been referred

HOUSE BILL 770

has had it under consideration and reports same with recommendation that it DO PASS, and thence referred to the TAXATION AND REVENUE COMMITTEE.

Respectfully submitted,

James Roger Madalena, Chairman
Adopted __________________________ Not Adopted __________________________

(Chief Clerk) (Chief Clerk)

Date ________________

The roll call vote was 9 For 0 Against

Yes: 9

Excused: Picraux

Absent: None
March 3, 1999

Mr. Speaker:

Your TAXATION AND REVENUE COMMITTEE, to whom has been referred

HOUSE BILL 770

has had it under consideration and reports same with recommendation that it DO PASS.

Respectfully submitted,

______________________________
Jerry W Sandel, Chairman
The roll call vote was 9 For 3 Against

Yes: 9
No: Burpo, Crook, Gubbels
Excused: Hawkins, Lujan, Russell
Absent: None
FORTY-FOURTH LEGISLATURE
FIRST SESSION

March 5, 1999

HOUSE FLOOR AMENDMENT number ______ to HOUSE BILL 770

Amendment sponsored by Representative Jerry W. Sandel

1. On page 1, line 13, after "SYSTEMS" strike the remainder of the line and strike all of lines 14 through 16 and insert in lieu thereof a period.

2. On page 2, line 9, after the comma strike the remainder of the line and strike all of lines 10 through 12 and insert in lieu thereof "the legislature should take such actions as necessary.".

3. On page 2, line 14, strike "the continuous monitoring of" and insert in lieu thereof "monitoring".

4. On page 2, line 15, after "Mexico" strike the remainder of the line and strike all of lines 16 and 17 and insert in lieu thereof a period.
5. On page 2, line 23, after "jointly" strike the remainder of the line and strike line 24 through "pipeline" and insert in lieu thereof "study the need for additional natural gas pipelines".

6. On page 3, line 17, after "department" strike the remainder of the line, strike all of line 18 and strike line 19 through "concerning" and insert in lieu thereof ", the state highway and transportation department and the economic development department shall report to the legislature on the results of the study required by Subsection A of this section, including any activities conducted pursuant to this subsection. The report shall address".
7. On page 3, lines 22 through 25 and on page 4, lines 1 through 17, strike Subsections C and D.

__________________________________
Jerry W. Sandel

Adopted ________________ Not Adopted ________________
(Chief Clerk) (Chief Clerk)

Date ________________
Mr. President:

Your CONSERVATION COMMITTEE, to whom has been referred HOUSE BILL 770, as amended

has had it under consideration and reports same with recommendation that it **DO PASS**.

Respectfully submitted,

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Fernando R. Macias, Chairman

Adopted ________________________ Not Adopted ________________________

(Chief Clerk)                          (Chief Clerk)
The roll call vote was 6 For 0 Against
Yes: 6
No: None
Excused: Eisenstadt, Griego, Lyons, Sanchez
Absent: None