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## FISCAL IMPACT REPORT

SPONSOR: Gonzales DATE TYPED: 03/07/03 HB 791/aHGUAC

SHORT TITLE: Questa Engineering & Environmental Services SB \_\_\_\_\_

ANALYST: Padilla

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$100.0			Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Senate Bill 604

Relates to House Capital Outlay Request 1249 and Senate Capital Outlay Request 795

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration

Energy, Mineral and Natural Resources Department

Environment Department

### SUMMARY

#### Synopsis of HGUAC Amendment

The House Government and Urban Affairs Committee amendment directs the \$100.0 appropriation to DFA for the purpose of *assisting the Village of Questa in paying a loan to the New Mexico Finance Authority for engineering and environmental services* to Questa.

It appears as if the Village of Questa has secured or will apply for a loan from the New Mexico Finance Authority for engineering and environmental services. The type of assistance DFA is to provide is unclear. The bill directs DFA to “assist” the Village of Questa to pay a loan. Does the \$100.0 appropriation constitute complete repayment of a loan?

If this is in fact a one-time loan repayment, the appropriation of \$100.0 from the general fund is a non-recurring expense to the general fund.

Synopsis of Original Bill

House Bill 791 appropriates \$100.0 from the general fund to DFA's Local Government Division for the purpose of contracting for engineering and environmental services for Questa's village council. The services are needed to assist and advise the village council regarding the future activities of the Molycorp mine near Questa.

Significant Issues

The bill does not state what "future activities" of the Molycorp mine encompass. Presumably it means work related to the remediation and reclamation of the Molycorp site. EMNRD believes the Village of Questa and others could use the expertise that this bill would provide in order to understand ongoing planning for reclamation, closure and groundwater abatement of the Molycorp mine.

The Molycorp mine is currently permitted under the New Mexico Mining Act, which is administered by ENMRD. EMNRD reports that the mine has an approved reclamation plan that identifies the reclamation work needed once mining is completed. The reclamation plan is also under the jurisdiction of the Environmental Protection Agency, the New Mexico Environment Department (NMED) and the U.S. Fish and Wildlife Service.

EMNRD explains that the review process for the reclamation and remediation plans is open to the public. Without proper expertise, EMNRD believes the plans can be very complicated and difficult to understand.

**FISCAL IMPLICATIONS**

The appropriation of \$100.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

**ADMINISTRATIVE IMPLICATIONS**

DFA notes that this bill gives the Local Government Division additional responsibilities without commensurate resources to fulfill them.

**DUPLICATION**

This bill duplicates Senate Bill 604.

The bill also appears to duplicate, or at least relate to, capital outlay requests in the House and the Senate. HCR 1239 and SCR 795 both request \$100.0 for NMED for an environmental planning assessment for the Molycorp remediation and closure plan.

**POSSIBLE QUESTIONS**

1. Are the activities funded by this bill the same as those funded in House Capital Outlay Request 1239 and Senate Capital Outlay Request 795?

LP/prr/lr