F I S C A L I M P A C T R E P O R T

SPONSOR Pinto **ORIGINAL DATE** 2/7/18 **LAST UPDATED** **HB**

SHORT TITLE Uranium Site Workforce Training Study **SB** 251

ANALYST Dulany

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	**FY19**		
	$250.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	$0.0	($250.0)	$0.0	($250.0	Nonrecurring	UNM Operating Expenses

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates HB 208/aHLEDC
Duplicates Appropriation in HAFCs/HB 2, General Appropriation Act, Section 5, Special Appropriations

SOURCES OF INFORMATION
LFC Files

Responses Received From
Energy, Minerals and Natural Resources Department (EMNRD)
University of New Mexico (UNM)
Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 251 appropriates $250 thousand from the general fund to the UNM Bureau of Business and Economic Research to:

- Analyze the possible economic effects on the state and local communities associated with uranium mine site cleanup projects in New Mexico;
- Assess the capacity, in terms of training and experience, of the existing New Mexico labor force to meet the demand for cleanup of uranium mining sites;
- Analyze the training and education courses and programs that would be needed, if any, for New Mexico to internally provide a sufficient workforce for uranium mine site cleanup; and
- Present a report of its findings and recommendations to the appropriate interim legislative committee prior to the committee's last meeting in 2018.

FISCAL IMPLICATIONS

The appropriation contained in SB 251 is a nonrecurring expense to the general fund. Any unencumbered balance remaining at the end of FY19 shall revert to the general fund.

According to UNM, the U.S. Environmental Protection agency (EPA) has recovered almost $1 billion from lawsuits to conduct environment cleanup at over 200 abandoned uranium mines on tribal lands in New Mexico. According to UNM, the cleanup projects have the potential to create substantial opportunities for employment and business creation, which would generate revenues for state and local governments through gross receipts taxes and corporate and personal income taxes.

UNM provides the following possible breakout for this appropriation.

UNM Proposed Breakout of Costs for SB 251		
Budget Category	**FTE**	**Cost**
Principal Investigator	0.40	$38,087
Staff (Data Collection, Analysis)	0.75	$49,045
Staff (Data Collection)	0.50	$26,391
Faculty (Analysis and Reporting)	0.25	$23,432
Graduate Students (2)		$38,235
Fringe (Professional)		$40,868
Fringe (Faculty)		$5,155
Graduate Student Insurance		$382
Office Expense		$4,000
Travel (In-State)		$7,500
Travel (Out-of-State)		$5,000
Facilities and Administrative Costs		$11,905
		$250,000

Source: UNM

SB 251 specifies expenses charged by UNM to administer the appropriation may not exceed 5 percent of the funds expended. Based on the figures provided by UNM, these administrative costs – $11.9 thousand – would amount to 4.8 percent of total costs.

HED notes this request was not submitted by UNM to HED for review. HED also points out that, while the funds contained in SB 251 revert at the end of FY19, earmarked appropriations to higher education institutions in the General Appropriation Act typically do not revert.

SIGNIFICANT ISSUES

According to EMNRD, the department and the New Mexico Environment Department are currently working with federal agencies, including the EPA and the Department of Interior, to use federal funds and funds from the Tronox bankruptcy to pursue reclamation at certain uranium mines. Another recent development is a proposal from EPA to place an area in McKinley and Cibola counties on the Superfund National Priorities List. The proposal will involve an intensive study and eventual reclamation, on the part of federal and state agencies.

According to HED:

- Exploration, mining, and milling activities for uranium in New Mexico began in the 1950s, and continued throughout the 1990s. Located primarily in the Grants Mineral Belt and San Mateo Basin, uranium deposits were detected on federal, state, private, and tribal lands.
- Federal and state studies have shown that unremediated contamination from uranium mining and milling activities poses a public health risk to residents of northwestern New Mexico. These studies have also discovered that surface water, ground water, and soils in the area have been contaminated.
- Health risks associated with long-term exposure to mineral and uranium contaminants that have been documented include cancer, kidney, spleen and liver damage, birth defects, systemic mineral imbalance and digestive problems.
- Remediation may require coordination and/or assistance from the New Mexico Environment Department and from federal agencies.

UNM notes the $1 billion recovered by the EPA from lawsuits is meant to address environmental cleanup at over 200 abandoned uranium mines on Navajo Nation, as well as the Jackpile-Paguate Mine on the Laguna Pueblo. Beyond the benefits to public health, the uranium mine cleanup projects present an opportunity for substantial long-term job creation and economic growth in New Mexico, based on comments made by UNM. Job creation would benefit native communities in particular, which experience high unemployment and disproportionately bear the health impacts of abandoned uranium mines, according to UNM.

The university further notes cleanup work would require a labor force with highly specialized skills. It is not clear whether New Mexico currently has a labor force with the necessary skills in place, UNM states. The research funded by this appropriation would (i) identify the jobs and training needed to perform the cleanup projects, (ii) examine the capacity of state institutions of higher education to provide necessary training, and (iii) inform collaborative efforts of state colleges and universities to develop specific projects while avoiding duplicative efforts. Research would also explore potential federal funding for training and related job opportunities for tribal members and New Mexicans.

TD/sb