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FISCAL IMPACT REPORT

SPONSOR Stewart **ORIGINAL DATE** 01/26/21 **LAST UPDATED** 03/10/21 **HB** _____
SHORT TITLE Sustainable Economy Task Force **SB** 112/aSFC/aHENRC
ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate, dependent upon how often the task force meets and reports requested			Recurring through FY27	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

State Land Office (SLO)

Indian Affairs Department (IAD)

Economic Development Department (EDD)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of HENRC Amendment

The House Energy, Environment and Natural Resources Committee amendment to Senate Bill 112 clarifies task force membership and creates “the sustainable economy advisory council” administratively attached to EDD and provides for its membership which includes representation from disproportionately impacted communities, business groups, tribal governments, and others. The amendment also asks the task force to include in its duties, a plan to implement recommendations from the “New Mexico Clean Energy Workforce Development Study,” published by the Workforce Solutions Department in 2020, and expand access to jobs with family-sustaining wages and benefits, prioritizing disproportionately impacted communities.

Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 112 removes the appropriation, administratively attaches the task force to EDD instead of DFA, allows appointments to the task force that represent the public’s interest to be composed of employees or appointed officers of a public entity, and clarifies the strategic plan will be developed in FY22 and updated annually through FY27.

By administratively attaching to EDD, the task force can piggyback off the department's current efforts to develop a long-range strategic plan focusing on a diversified, sustainable economy.

Synopsis of Original Bill

Senate Bill 112 appropriates \$100 thousand from the general fund to the Department of Finance and Administration (DFA) to create the sustainable economy task force, administratively attached to DFA, for the purpose of developing an annually updated strategic plan to transition the state economy away from reliance on natural resource extraction. The task force is made up of up to 24 voting members from primarily executive agencies which may include additional members of the public. DFA is responsible for providing the necessary staff and administrative support. The task force will present the strategic plans to the Legislature each year by October 1.

SB112 also amends Section 9-1-5 NMSA 1978, the Executive Reorganization Act, which provides for the duties and general powers of cabinet secretaries, to provide the requirement to *implement, as much as legally permissible, the strategic plan developed by the sustainable economy task force.*

The effective date of this bill is July 1, 2021.

FISCAL IMPLICATIONS

The appropriation of \$100 thousand is an appropriation from the general fund to DFA for expenditure in FY22 and subsequent fiscal years for task force expenses. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

Representatives of the governor's office, state treasurer's office and six other agencies will participate in this process for five years. That is a substantial commitment of staff time with associated costs. The greatest commitment of resources will be for DFA, which will provide administrative support which will likely require additional general fund appropriations. The \$100 thousand may also be insufficient to reimburse some task force members according to the Per Diem and Mileage Act and pay for consultants to assist with the planning process.

According to SLO, revenue from oil and gas operations currently account for over 90 percent of all monies generated on state trust land to the benefit of public schools, colleges, and hospitals.

SIGNIFICANT ISSUES

From 2022 to 2027, the task force would provide annual strategic plans that include replacing jobs that rely on natural resource extraction and diversifying the tax base to replace revenue generated from natural resource extraction and report to the Legislature on same by October 1.

The task force will rely on recommendations from higher education institutions, national laboratories, and businesses; and develop plans in collaboration with all communities affected by the plans including Indian nations, tribes and pueblos located wholly or partly in New Mexico.

OTHER SUBSTANTIVE ISSUES

EDD reported it received a \$1.5 million grant from the federal Economic Development Administration for economic recovery and planning work, including a statewide, long-term economic development strategic plan focusing on diversification and a sustainable, resilient economy. The work will mostly be completed in 2021 through staff time and use of contractors with expertise in data collection and analysis and formation of economic development strategies. The person awarded the RFP will develop a statewide economic development plan that spans 20 years. All elements of the plan will be accompanied with recommendations for infrastructure and legislative needs, to ensure that the entirety of the 20-year plan can be implemented.

AHO/rl