

Duplicates/Conflicts with/Companion to/Relates to:

SB49 – Community Benefit Fund Transfers

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

SB48 creates the Community Benefit Fund (CBF) as a \$340 million **non**-reverting fund in the state treasury. DFA is directed to administer the fund, and the funds are subject to appropriation by the Legislature to fund projects that will:

- 1) reduce greenhouse gas (GHG) emissions, provided that these projects relate to the construction or renovation of public buildings in such a way that exceeds the requirements of the most current International Energy Conservation Code and reduces methane emissions from extractive industries,
- 2) increase electric grid capacity, resilience, or reliability through grid modernization,
- 3) increase electricity from renewable energy resources and electricity efficiency from energy efficiency projects,
- 4) reduce the use of combustion engine vehicles through expanding electric vehicle (EV) charging, bicycle, and pedestrian infrastructure,
- 5) assess or reduce the effects of climate change on the environment, agriculture, land and natural resources, and human health,
- 6) assist public entities in purchasing EVs and associated charging infrastructure to reduce the use of combustion vehicles,
- 7) expand economic development efforts to address the economic consequences of climate change and develop economic opportunities to decrease resource consumption, promote the reuse and recycling of materials, and promote the energy transition away from fossil fuel resources, and
- 8) expand workforce training to assist in the aforementioned objectives.

SB48 also establishes requirements that projects must meet to receive funding assistance through the CBF which includes documented meetings with communities who will be impacted by projects, a community benefits agreement negotiated with overburdened communities, and community engagement/outreach plans that create workforce training opportunities for community members.

The bill also directs DFA to consult with EMNRD to develop or identify a data tool used by the federal government to identify overburdened communities who are experiencing disproportionate burdens of climate change, health, housing, legacy pollution, transportation, water/wastewater, and workforce development.

Finally, the bill requires that each year on or before December 1, agencies who administer funds for projects will submit a report to the appropriate interim committee which include progress reports and final results of projects funded by the CBF.

FISCAL IMPLICATIONS

The Energy Conservation and Management Division (ECAM) is the administrator of the Community Energy Efficiency Development (CEED) Block Grant program and is actively

working to engage contractors to fund energy efficient construction/renovation of public buildings with the \$10 million that has been allocated for this program to date. Demand for CEED program funding has exceeded available funds so additional funds for this program are needed and ready to be engaged through ECAM's existing funding processes.

ECAM, as the administrator of the Grid Modernization Grant program, has directed \$1 million in federal funds to launch energy optimization controls in Albuquerque and Santa Fe as well as microgrid engineering for Northern NM Community College. Demand for Grid Modernization program funding has exceeded available federal funds and state funds have not yet been allocated for this use. Grid modernization funds made available through the Community Benefit Fund can be employed by ECAM's existing processes.

ECAM organizes a statewide stakeholder group, including the Workforce Solutions Department, called the Workforce Alliance for Green Energy (WAGE) to collaborate, educate and most importantly expand worker training to provide workers for green industries. In addition, EMNRD is one of the "partner agencies" called on by Governor Michelle Lujan Grisham to coordinate climate-ready workforce training activities and infrastructure. ECAM has secured one federal grant for \$1.5 million aimed at training residential energy contractors and applied for two more federal grants worth \$2 million each to further train more industry workers on topics such as energy auditing buildings. Additional funds through the Community Benefit Fund can be engaged through ECAM's existing processes. Further, the WAGE group is well positioned to engage the community meetings and community benefits agreements required by SB48.

SIGNIFICANT ISSUES

EMNRD notes that SB48 does not address the growing impacts of temperature increases and extreme precipitation and drought on New Mexico's forests and citizens. Additional wildland firefighters are needed to address this growing risk, located in communities close to or at risk for wildfire and to address fire crew vacancy rates. In the companion appropriation bill, SB 49, EMNRD recommends an additional appropriation of \$5 million for grants to local governments to provide incentives for state wildland firefighters to locate and reside in these communities.

PERFORMANCE IMPLICATIONS

SB48 enables the State Parks Division (SPD) to request funding to reduce the use of combustion engine vehicles through transportation projects, including projects that increase EV, bicycle, and pedestrian infrastructure across the state parks system and for the purchase of EVs and related charging infrastructure to reduce the use of combustion engine vehicles at 41 decentralized locations. The majority, if not all, decentralized locations are in overburdened communities across 25 of 33 counties.

ADMINISTRATIVE IMPLICATIONS

The Oil Conservation Division (OCD) will provide venting and flaring statistics that assist in identifying and tracking of GHG emissions.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

While SB48 creates the CBF, SB49 itemizes how the \$340 million dollar fund will be administered as follows: economic development department (\$40 million), community energy efficiency

development block grant fund (\$20 million), grid modernization grant fund (\$100 million), transportation project fund (\$50 million), state supplemental land and water conservation fund (\$5 million), energy minerals and natural resources department (\$40 million), workforce solutions department (\$25 million), and public schools facilities authority (\$60 million).

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

SB 48 does not address whether an agency receiving an appropriation from the CBF would be authorized to use the appropriation to cover program administration costs.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Depending on other future appropriations, state agencies may have less state funding available in the near term to implement clean energy and climate resilience programs and projects.

AMENDMENTS