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FISCAL IMPACT REPORT

SPONSOR Garcia DATE TYPED 2/02/05 HB 240

SHORT TITLE Vapor Recovery Nozzles at Gas Pumps SB _____

ANALYST Hadwiger

APPROPRIATION (in \$000s)

Appropriation Con- tained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	None		\$100.0	Recurring	General Fund, Air Quality Permit Fee Fund, or Title V Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Environment (NMED)

SUMMARY

Synopsis of Bill

House Bill 240 would require gasoline store owners to install a functioning vapor recovery nozzle at each gasoline pump at the gasoline station. Violators would be guilty of a misdemeanor, punishable by a fine of not more than \$1,000 per violation.

Significant Issues

According to the Department of Environment (NMED), vapor recovery nozzles are effective in reducing air pollution from gasoline stations, which can be significant. The fumes from uncontrolled gas nozzles consist of volatile organic compounds and hazardous air pollutants that are detrimental to public health and also contribute to the formation of ozone, an air contaminant that can cause and exacerbate respiratory problems. Vapor recovery nozzles are frequently required in areas where ozone levels exceed federal health-based standards, such as southern California. HB240 could provide significant benefits to the air quality throughout the state. NMED also noted that ozone is particularly problematic in San Juan County, where high concentrations of ozone have been measured that may adversely affect public health, particularly for the young and

the elderly. High concentrations of ozone have also been measured in Bernalillo County and Dona Ana County. House Bill 240 may help to improve air quality in these counties and prevent other counties' air quality from degrading.

HB240 would impose additional costs on gasoline stations to retrofit pumps and maintain the vapor recovery nozzles. Owners of gasoline stations may object to this additional cost.

FISCAL IMPLICATIONS

If, as NMED indicates, an additional employee would be required to enforce the provisions of HB240, the position would cost about \$100 thousand per year or slightly more, including supplies, mileage, and other costs. The funds could come from the State Air Quality Permit Fund or Title V fund if this could be defined as "emissions or ambient monitoring." Otherwise, this would likely be a general fund expense.

ADMINISTRATIVE IMPLICATIONS

NMED indicates an additional employee would be required to provide adequate enforcement of this statute, given the large number of gas stations in the state. Currently there are few air quality regulations that apply to gasoline stations, so environmental inspections of these facilities are not completed on a routine basis. Additionally, if the level of noncompliance is high, legal or compliance staff could be required to pursue collection of fines.

POSSIBLE QUESTIONS

1. How often are ozone pollutant thresholds exceeded in each region of New Mexico?
(How often did this occur in the most recent year for which data is available?)

DH/sb