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FISCAL IMPACT REPORT

ORIGINAL DATE 2-1-06

SPONSOR Balderas LAST UPDATED _____ HB 618

SHORT TITLE SOLID WASTE TRANSPORTATION GRANT SB _____

ANALYST Hadwiger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$5,000.0		Non-Rec	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB353.

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
\$5,000.0			Non-Rec	Solid Waste Transportation Grant Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$50.0	\$50.0	\$100.0	Rec	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 New Mexico Department of Environment (NMED)
 New Mexico Municipal League (NMML)

SUMMARY

Synopsis of Bill

House Bill 618 would create a "solid waste transportation grant fund" consisting of appropriations, gifts, grants, donations and bequests made to the fund, and income from the fund. The fund would not revert at the end of a fiscal year. Money in the fund would be appropriated to the Department of Environment for grants to reimburse or partially reimburse solid waste transportation costs incurred by municipalities that transport solid waste fifteen miles or more from the boundary of the municipality to a landfill disposal facility. The reimbursement amount would be per ton of solid waste transported per mile, as established by rule of the Environmental Improvement Board.

House Bill 618 appropriates \$5 million from the general fund to Solid Waste Transportation Fund for expenditure in FY06 and subsequent years.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a non-recurring expense to the general fund. Funds would not revert.

NMED indicated the responsibility for developing the application and evaluation criteria would fall to existing NMED staff. These same personnel would be responsible for reviewing applications, validating all submissions, selecting grant awardees, administering grants, and ascertaining grantees' compliance with all appropriate conditions, terms, and requirements. If additional staff is required, an estimated annual cost of \$50 thousand might be anticipated.

Continuing Appropriations language

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

SIGNIFICANT ISSUES

NMED noted that costs to local communities of hauling solid waste have increased substantially due to increased fuel costs. In addition, some municipalities have the responsibility of closing old unlined landfills that are leaking pollution into the groundwater. New state-of-the-art lined landfills are expensive and, as a result, some communities must haul solid waste great distances for proper disposal.

DFA indicated the bill assumes municipalities operate in a fuel efficient manner in hauling solid waste. It doesn't address logistical and collection programs like transfer stations to reduce fuel costs. The bill may be viewed as a statewide taxpayer subsidy to municipalities operating solid waste facilities. Local residents typically bear the cost of solid waste collection and disposal services.

ADMINISTRATIVE IMPLICATIONS

NMED indicated that existing NMED staff would be responsible for drafting the regulations and administrating this grant program, as well as maintaining the program once it is established. The bill allocates no additional FTEs to fulfill its mandates.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB618 duplicates SB353. HB 286 adds \$5 million to the Solid Waste Facility Fund to provide grants to local communities for the capital costs of closing old landfills, transfer stations and convenience centers, constructing new landfills and purchasing equipment, which complements HB618 by facilitating the construction of new landfills closer to local communities and by reducing the distance that solid waste must be hauled.

TECHNICAL ISSUES

Between lines 23 through 25 on page 2, DFA recommends deleting "Anyrevert." The statutory creation of the fund on page 1 (lines 22 through 23) already states it is non-reverting and not transferable to any other fund.

OTHER SUBSTANTIVE ISSUES

NMED indicated HB618 does not include a provision to encourage the use of alternative fuels, the purchase of fuel-efficient vehicles or the conservation of fuel.

DH/nt