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## FISCAL IMPACT REPORT

ORIGINAL DATE 1-23-07

SPONSOR Wallace LAST UPDATED \_\_\_\_\_ HB 84

SHORT TITLE Local Recycling & Waste Collection Assistance SB \_\_\_\_\_

ANALYST Aubel

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$1,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$100.0	\$100.0	\$200.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB 193  
Relates to HB 16, HB 180, HJM 6

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)  
Department of Finance Administration - Local Governments (DFA)  
New Mexico Environment Department (NMED)  
New Mexico Association of Counties (NMAC)

### SUMMARY

#### Synopsis of Bill

House Bill 84 creates the Local Recycling and Waste Collection Act and appropriates \$1.0 million from the general fund to the New Mexico Environment Department to create a fund called the Local Recycling and Waste Collection Assistance Fund for FY08 and subsequent

years to provide grants for programs, services, and activities for recycling, diverting and collecting household hazardous waste and electronic waste.

### **FISCAL IMPLICATIONS**

The appropriation of \$1.0 million contained in this bill is termed a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall not revert to the general fund. Any income from investment of the fund shall be credited to the fund, which shall be held in the state treasury and administered by NMED.

### **CONTINUING APPROPRIATION 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.

While NMED maintained that it has the staff to support the grant program in its Solid Waste Bureau (SWB), experience with the programs administered through NMED's Construction Programs Bureau (CPB) indicates that such community-outreach programs require additional department resources for successful implementation. While the collection of waste may not inherently include the more expensive technical expertise associated with the capital outlay projects of CPB, such ongoing costs as those related to grant administration and implementation, ongoing grant proposal review, and printed materials for public outreach will continue. Whether these costs require a recurring general fund appropriation through the budget process or can be underwritten by an administrative fee charged to the fund by NMED, similar in structure to the New Mexico Finance Administration capital outlay grants, is not defined in the bill. In either case, ultimately the source of funds would be general fund and is estimated at 1.5 FTE equivalent.

### **SIGNIFICANT ISSUES**

Solid waste management in New Mexico will face many issues in the immediate future. According to NMED, the state has approximately of 30 years of remaining combined municipal solid waste disposal capacity at existing landfills statewide. In addition, DFA noted that the remaining disposal capacity is not evenly distributed throughout the state. Rural areas have less capacity than those located in urban areas and less financial resources to deal with the issue.

Furthermore, NMED stated that recycling programs for e-waste (used televisions, computers, audio and stereo equipment, printers, faxes, copy machines, telephones, etc), household hazardous waste, and diversion programs are expensive. Only five counties or municipalities have the resources to implement household hazardous waste collection programs and only a handful of governmental entities can afford to hold e-waste collection events, which can coast as much as \$70.0 thousand for a one day event. Grants would assist more communities to conduct such events.

In addition, DFA noted that communities across the state face increasing costs to properly address their solid waste management obligations, such as closing or lining substandard landfills.

All agencies responding expressed concern over the limited resources at the local level to deal with these costs, particularly in the rural areas. As an indication of the resulting demand for

assistance, DFA noted that in the 2002 grant cycle, the Solid Waste Facilities Grant Act program received 40 requests totaling \$11 million, while at the time only \$1.4 million was available in the fund.

NMED pointed to population and technology increases for the growing volume of e-waste and household hazardous waste in New Mexico, which will most likely continue, and stated that this waste can contain toxic materials or chemicals and pose environmental threats when they are mismanaged, disposed of improperly or dumped illegally, particularly to groundwater.

DOH noted this Act would help protect the public from potential household hazardous and electronic waste, which could create injury and damage health.

HB 84 compliments the current Solid Waste Facilities Grant Fund currently administered by NMED. However, as noted by DFA, with the growth in solid and hazardous waste that is generated by the continuing population increases, the issue of solid waste management will continue to require additional revenue supplementation.

### **PERFORMANCE IMPLICATIONS**

If enacted, The LFC recommends that NMED submit a plan for program evaluation with specific program goals and criteria for assessing program effectiveness, with suggested output and outcome performance measures, to evaluate the performance of the state program as prescribed in the Accountability in Government Act.

### **ADMINISTRATIVE IMPLICATIONS**

NMED's SWB would administer and promote the grant program, establish grant criteria, create a selection committee and work with grant recipients. NMED would also manage the financial aspects of the grant. As previously noted, it is anticipated that a program expansion to cover all administrative aspects of the Act would most likely occur.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 84 duplicates Senate Bill 193.

HB 84 relates to House Bill 16 by implementing the Mercury Exposure Reduction Task Force recommendation to assist local governments in conducting household hazardous waste collection programs as a means of reducing mercury contamination.

HB 84 relates to House Bill 180, which concerns creating a task force to be lead by NMED for combating illegal dumping in New Mexico.

HB relates to House Joint Memorial 6, which requests a coalition of entities be formed to combat illegal dumping in New Mexico.

### **OTHER SUBSTANTIVE ISSUES**

The fund would consist of appropriations, gifts, grants, donations and bequests made to the fund. NMED would award grants from the fund, giving preference to eligible recipients that do not

have such existing programs, have large observable quantities of related wastes, and demonstrate substantial local public support for such programs, services, or activities.

The scope of HB 84 is broad, providing assistance to a large group of local governments and entities. Eligible recipients will include municipalities, counties, Native American governments, land grant communities, cooperative associations, solid waste authorities, and educational institutions. It also addresses various levels of solid waste management, thus allowing for flexibility in allowable expenses.

### **ALTERNATIVES**

DFA suggested that while HB 84 does provide for additional levels of supplementation, it may be beneficial if this legislation contained a higher level of available resources and a dedicated revenue stream.

NMED noted that these initiatives could be funded through capital outlay or bonds, but consider these alternatives less satisfactory because they remove NMED from the review and screening process to ensure quality control.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Communities may not have access to funds to develop recycling and diversion programs for household hazardous waste and electronic waste. Appropriate management of e-waste streams may be impaired, leading to a negative impact on groundwater and surface water, as well as public health. As the volume of household hazardous waste continues to grow, without mitigating programs, so does the potential for illegal dumping.

### **POSSIBLE QUESTIONS**

1. What are the ongoing administrative costs?
2. What is the complete strategic plan for managing solid waste in New Mexico?
3. How would this Act and resulting program fit into the complete strategic plan for solid waste management in New Mexico?
4. What are the realistic appropriations required to effectively implement this strategic plan?
5. Is the \$1.0 million appropriation sufficient to meet demand?
6. Could a disposal fee be tacked on to the purchase of any electronic equipment to fund e-waste disposal programs?
7. How would the Legislature guide future appropriations relating to these initiatives according to its priorities?