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FISCAL IMPACT REPORT

ORIGINAL DATE 2/3/2007

SPONSOR Leavell LAST UPDATED _____ HB _____

SHORT TITLE Southeast NM Center for Energy Studies SB 348

ANALYST McOlash

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY07 | FY08 | | |
| | \$250.0 | Recurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals, and Natural Resources Department (EMNRD)

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate bill 348 appropriates \$250,000 from the General Fund to the Regents of New Mexico Institute of Mining and Technology (NM Tech) for expenditure in FY 2008 to create a Southeast New Mexico Center for Energy Studies, as part of the Geophysical Research Center, in Lea County to review and analyze energy policy.

FISCAL IMPLICATIONS

The appropriation of \$250,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 2008 shall revert to the General Fund.

The NM Center for Energy Studies (NMCES), once established, will clearly require additional appropriations for operations.

SIGNIFICANT ISSUES

The Geophysical Research Center is a state-funded research organization, part of New Mexico Tech's Research and Economic Development Division. Hydrology and geophysics faculty members in the Department of Earth and Environmental Science are each partly funded by the GRC, allowing them to devote large portions of their time to research. The GRC is also a partner in the operation of the New Mexico Tech IRIS PASSCAL Instrument Center, a principal facility of the Incorporated Research Institutions for Seismology.

The Higher Education Department notes the NMCES is seeking to establish a presence in the area of energy-related work, by developing policy relative to different forms of energy. While technology in renewable energy has progressed, policy in this area has not. The proposed New Mexico Center for Energy Studies will address this issue by dovetailing policy and regulations with the technology of renewable energy. Appropriation of funds will be used to hire two full-time scientists with a background in energy policy, to be located in Hobbs, New Mexico.

This request was not submitted by the NM Tech to the Higher Education Department for review and was not included in the Department's funding recommendation for FY08.

TECHNICAL ISSUES

This bill attempts to create a Center for Energy Studies and to make an appropriation for the newly created agency. It might be more appropriate to introduce companion bills to accomplish these same ends.

OTHER SUBSTANTIVE ISSUES

It is unclear from the language in SB 348 on whether or not the review and analysis of energy policy by the Center will duplicate or conflict with the statutory requirements of the Energy Conservation and Management Division to plan, administer, review, provide technical assistance, maintain records and monitor state and federal energy conservation and alternative energy technology programs [Sections [9-5A-1](#) to [9-5A-7](#) NMSA 1978] .

BM/yr