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FISCAL IMPACT REPORT

SPONSOR Ulibarri ORIGINAL DATE 1-26-07
LAST UPDATED _____ HB _____
SHORT TITLE Nuclear Energy and Uranium Resources SB SJM10
ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Environment (NMED)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Joint Memorial 10 recognizes the importance of nuclear energy and the uranium resources in New Mexico. Specifically, the joint memorial notes:

- a nuclear renaissance of worldwide scope has emerged, creating an unprecedented gap between the
- substantially increasing domestic and international demand and the current level of natural uranium production and supply; and
- the need for electricity to fuel the nation's economy continues to increase; it is projected that the United States will demand fifty percent more electricity by 2025 and increased reliance on alternative energy sources, including nuclear power, is necessary to meet electricity demand; and

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- the acceptance of nuclear-powered energy in the United States and worldwide has increased as citizens, including leading environmental activists, recognize nuclear energy as the most large-scale, cost-effective energy source that can reduce greenhouse gas emissions while continuing to satisfy a growing demand for electric power; and
- domestic nuclear utilities require a secure source of domestic, natural uranium in order to have the confidence to construct new reactors that will promote the nation's energy independence and meet electric power demands; and
- New Mexico's uranium resources are a tremendous asset for the state, as New Mexico is known to have more uranium resources than any other state in the nation, estimated at six hundred million pounds and worth approximately \$43 billion at current market prices and, therefore, represent significant severance and other direct and indirect revenue streams and other benefits for the state of New Mexico and its citizens; and
- jobs associated with the uranium industry offer highly competitive wages and benefits packages, and uranium mining will bring much-needed economic development to Cibola and McKinley counties by infusing large levels of new capital investment; and
- the city of Grants is proud to be known as the "uranium capital of the world," and the Grants, Milan and Cibola county communities have gone on record in support of the rebirth of the uranium industry in New Mexico; and
- the New Mexico uranium mining industry is committed to maintaining a clean and safe environment for its workers and the public at large, and improved extraction and processing technologies and updated regulatory requirements have been developed and are being employed to ensure that new uranium production can be conducted in a manner protective of human health and the environment;

The memorial resolves that the Department of Environment and the Energy, Minerals and Natural Resources Department be requested to collaborate with the New Mexico uranium industry to resolve existing barriers in order to advance consideration of uranium production in New Mexico.

The memorial further resolves that copies of the memorial be transmitted to Governor Richardson, and to the cabinet secretaries of the Department of Environment and the Energy, Minerals and Natural Resources Department.

SIGNIFICANT ISSUES:

EMNRD notes that the memorial requests that, along with NMED, it collaborate with the uranium industry to resolve existing barriers in order to advance consideration of uranium production in the state. It adds that EMNRD's Mining and Minerals Division administers the New Mexico Mining Act which requires permitting, bonding and reclamation of conventional uranium mines. This law does not cover in-situ leach operations, which are another means of extracting uranium. EMNRD has offered guidance to the industry by providing information about how permits may be obtained as our agency would with any prospective permit applicant. EMNRD has been available for informational meetings when requested by the uranium industry and will continue to provide guidance and support in completing the permitting process as necessary. SJM 10 does not identify the "existing barriers" cited in line 12 page 3. EMNRD has approved several uranium exploration permits in 2006 and is considering several others at this

time. EMNRD opines that – although SJM10 does not identify what existing barriers need to be addressed – the department is aware of opposition to uranium development by certain individuals and groups. Further, that it is not clear what SJM10 requires during a permit review, and that it presently works with all parties including industry and the public in the implementation of the state’s mining laws.

NMED observes that the collaboration may provide improvements to the current regulatory environment for uranium production in New Mexico. Some potential solutions may require cooperation with federal agencies. The topic of uranium production evokes strong positive and negative reactions in the public.

OTHER SUBSTANTIVE ISSUES

NMED indicates that SJM 10 would require interdepartmental meetings and stakeholder meetings to identify barriers and potential solutions for the advancement of uranium production. The potential solutions may require more staff time for implementation such as a developing policy, guidelines, rules, regulation or legislative changes. Some issues would be affected by federal laws such as the Atomic Energy Act (1954) and Uranium Mill Tailing Radiation Control Act (1978). Those federal laws have in some cases led to exemptions or jurisdictional boundaries for state versus federal regulation. The issue of Indian Country affects many proposed uranium projects, which would possibly fall under tribal or pueblo regulation instead of the state. Currently, the Navajo Council has banned uranium mining. Additional coordination with tribal and pueblo entities may be necessary. The U.S. Environmental Protection Agency and U.S. Nuclear Regulatory Commission may need to be involved in some instances. Numerous abandoned mine sites and health issues remain following uranium production that peaked in the 1970s. Communities adjacent to uranium production facilities have strong positive and negative reactions about uranium production. Another key to the implementation of potential solutions would be public involvement because of the sensitive nature of uranium production and waste issues. Since the 1970s, improvements have been made in pollution prevention technology and expertise. Substantive state laws and regulations have been enacted and implemented. For example, the Water Quality Control Commission Regulations (20.6.2 NMAC) were amended for abatement (1995) and a lowering of the uranium standard (2004) has been added. The New Mexico Mining Act (1993) requires reclamation of uranium mines and regulates exploration activities.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMED observes that barriers to uranium production in New Mexico may not be identified or removed. However, if barriers arise under the current permitting processes, NMED and EMNRD along with other stakeholders may take steps collaboratively or separately to resolve the issues.

BFW/mt