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FISCAL IMPACT REPORT

ORIGINAL DATE 1-24-08

SPONSOR Gutierrez LAST UPDATED _____ HJM 19

SHORT TITLE Support Community Recycling Efforts SB _____

ANALYST Aubel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total				NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)
 Economic Development Department (EDD)
 Association of Counties (AOC)
 New Mexico Recycling Coalition (NMRC)

No Response

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Joint Memorial 19 requests the New Mexico Environment Department (NMED) to work with the New Mexico Recycling Coalition (NMRC) to develop legislation to establish funding mechanisms to support community infrastructure for waste reduction, reuse and recycling resources in New Mexico. HJM 19 directs NMED to develop strategies to expand the department's technical assistance in these areas, launch a statewide education campaign and provide educational grants. HJM 19 also directs the Economic Development Department (EDD) to work with the NMRC, the Department of Taxation and Revenue, and the Office of the Governor to develop tax incentive legislation and strategies to gain more recycling processors and recycled-content manufacturers in New Mexico. NMED and the EDD are required to report their findings to an appropriate interim legislative committee.

FISCAL IMPLICATIONS

None of the responding agencies noted any direct fiscal impact generated by this joint memorial.

SIGNIFICANT ISSUES

According to the United States Environmental Protection Agency (EPA), New Mexico lags far behind the nation in recycling with a 9.7 percent statewide recycling rate in 2006 compared to the national average of 32 percent. HJM 19 focuses on developing both the recycling “mindset” and economic resources and incentives to increase recycling activities in the state.

NMED maintains that recycling conserves energy, reduces water usage, preserves natural resources, conserves valuable landfill space, and significantly reduces greenhouse gas emissions that many believe contribute to global warming. In addition, EDD notes that recycling is an economically valuable activity that creates jobs. According to the New Mexico Recycling Coalition, for every one job handling trash headed for the landfill, there is an average of five jobs created by recycling. EDD also maintains that recycling offers another avenue for increasing “clean energy” businesses in the state.

All responding agencies maintain that a statewide educational campaign is essential to changing habits regarding reducing, reusing, and recycling. They also agree that incentives for businesses to process, produce and consume recyclables are needed to increase recycling. Finally, they note that the state currently does not offer significant state grants and loan programs to support communities in developing or expanding their recycling infrastructure.

NMRC notes that many rural communities lack recycling access and even the urban areas struggle to achieve minimum recycling participation. Thus, NMRC concludes that a joint effort to grow community recycling programs -- through educational outreach and infrastructure development -- at the same time as growing local markets to consume these products is vital.

PERFORMANCE IMPLICATIONS

The New Mexico Solid Waste Act (NMSA 1978, §§74-9-1 to 74-9-42) set goals to divert 25 percent of all solid waste from disposal facilities by July 1, 1995, and 50 percent by 2000. There was no mechanism for funding for this goal included in the Act. NMED suggests that in the long term, recommendations initiated by HJM 19 will improve NMED’s performance measures by reducing the amount of solid waste produced by the citizens of the state. EDD notes that other states are aggressively creating and implementing policy and incentives to grow clean energy industries. Colorado, California and Oregon are leaders in clean energy policy development. To remain competitive with these states, EDD suggests that New Mexico must continually review and update its own policy and programs.

ADMINISTRATIVE IMPLICATIONS

NMED maintains that it already collects statewide waste and recycling data and tracks trends, strategies, and legislation locally and nationally relating to this topic and that tasks required by this memorial will be performed by existing staff in the normal course of duty. EDD points out that the Governor’s office, Environment Department, Energy Minerals and Natural Resources and Economic Development Departments have already formed a “Clean Energy Committee” to

address issues, policy and strategies to recruit and grow more clean energy industry in the state. EDD maintains that addressing the mandates of this joint memorial could easily be taken on by this committee without the addition of significant staff time for any agency involved.

OTHER SUBSTANTIVE ISSUES

According to EDD, clean energy companies are a “target industry cluster” for the agency’s business development strategies. The Job Training Incentive Program (JTIP) recently expanded its policy to include clean energy businesses in its eligibility requirements.

Based on waste characterization studies, NMRC estimates that the annual value of recyclable resources sent to state landfills is approximately \$50 million.

NMED estimates the current 9.7 percent recycling rate represents a calculated reduction in greenhouse gas emissions of 128,088 metric tons carbon equivalent. Increasing the recycling rate will correspondingly decrease the related greenhouse emissions. The New Mexico Climate Change Advisory Group identified increased recycling as a key component to reducing greenhouse gas emissions. According to the report, if the state reached a 22 percent recycling rate by 2020, recycling would be the 13th most effective way for the state to reduce overall emissions.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

EDD maintains that New Mexico may lose its leadership status in the vast arena of clean energy policy without continuing the momentum to create new programs and incentives to grow this industry group. NMED mentions its concerns that New Mexico will continue to fall far short of the goals set in the Solid Waste Act, lag behind the nation in recycling, and fill up its landfills by continuing to bury 90.3 percent of its solid waste, including recyclable materials. In addition, the department suggests that New Mexico will not take advantage of increased job creation, decreased greenhouse gas emissions, and decreased energy and water use associated with recycling. The New Mexico Recycling Coalition is concerned that local communities will continue to struggle with their recycling programs.

MA/mt