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FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/09

SPONSOR Ulibarri LAST UPDATED _____ HB _____

SHORT TITLE Study Uranium Mining Effect On Grants Aquifer SB 188

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$650.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HJM 6

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 Energy, Minerals and Natural Resources Department (EMNRD)
 Office of the State Engineer (OSE)

SUMMARY

Synopsis of Bill

Senate Bill 188 appropriates \$650.0 from the general fund to the Board of Regents of the New Mexico Institute of Mining and Technology for the New Mexico Bureau Of Geology And Mineral Resources (NMBGMR) to conduct a comprehensive study to characterize aquifers within the San Mateo basin affected by past uranium mining and milling activities in the Grants mineral belt in New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$650.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED states that this request was not submitted by NM Tech to the HED for review and is not included in the Department's funding recommendation for FY10.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

The HED notes:

The specific purpose of the appropriation is for Phase One of the Characterization of Uranium-Related Contamination in the San Mateo Basin and Grants Mineral Belt project. This is a multi-year, three-phase approach to provide scientific information in order to enact remediation decisions and expedient assessments of the risks to public health. Note: "characterization" means locating sources of contamination; how the contamination got into the aquifer; and the geological and hydrological methods involved in remediation.

Phase Two and Phase Three would continue the research on a more intricate and intensive level if successive funding is provided.

The EMNRD states that the uranium mining boom from the 1950s to the 1980s left behind hundreds of sites with significant disturbances and environmental and health impacts, including impacts to the groundwater. Aquifer mapping and characterization is important for those state agencies charged with protecting water. Information about the characterization of the aquifers in the San Mateo basin is necessary to achieve reclamation of uranium impacts in that area. The Energy, Minerals & Natural Resources Department (EMNRD) is in the process of attempting to inventory and make general assessments of the extent of the uranium mining legacy and the extent of potential hazards to the public. However, due to lack of sufficient resources to devote to the project, it is being accomplished as time and resources allow, and the inventory does not currently include investigations of potential groundwater contamination. The Environment

Department is investigating potential groundwater contamination but their investigation is limited by the lack of resources.

The OSE states:

Naturally occurring uranium and past uranium mining activities in the San Mateo Creek Basin have impacted water quantity and water quality. Numerous mines and mills exist in the basin under differing ownership. Proposed mining has the potential to further impact water resources. The New Mexico Environment Department (NMED) recently issued a warning to private well owners in the basin that well water may contain contaminants from naturally occurring ore and mining. NMED has stated that it is in the early stages of investigations to better understand and potentially address possible contamination from past uranium mining and milling activities. Exploration activities in the area have significantly increased recently, and the OSE/ISC has been involved in permitting numerous borehole drilling and plugging operational plans. Technical reviews of these plans would benefit from a better understanding of the area's hydrogeology. Future mining in the area will result in water right applications that will require review by the OSE/ISC; such reviews could be accomplished more efficiently if the agency had a regional assessment of the hydrogeologic systems and their interaction.

The hydrology of the area is complex, with multiple aquifer systems. As a result of past exploration and mining activity there is an abundance of existing hydrogeologic information available for the region. However this information has not been compiled and evaluated to comprehensively characterize the area's aquifers on a regional basis. There is a need for a comprehensive study by a third party to characterize the hydrogeology such as is proposed in this bill. The NMBGMR has the staff expertise to successfully undertake such a study.

RELATIONSHIP

Senate Bill 188 is related to House Joint Memorial 6 which requests an extensive study of effects possibly resulting from resumption of uranium mining .

GH/mt