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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/2015

SPONSOR Alcon LAST UPDATED _____ HB 161

SHORT TITLE Abandoned Uranium Mine Reclamation SB _____

ANALYST Armstrong

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$300.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB251

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Bill 161 appropriates \$300 thousand from the general fund to EMNRD to reclaim abandoned uranium mines that have been identified as priority sites based on prior assessments by the Mining and Minerals Division (MMD).

FISCAL IMPLICATIONS

The appropriation of \$300 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance at the end of FY16 shall revert to the general fund.

According to EMNRD, HB161 would require the services of about 0.25 FTE to oversee and manage the administrative process for site selection, including the procurement process and contract management.

However, LFC analysis shows this staffing cost could be covered under EMNRD’s current budget.

SIGNIFICANT ISSUES

From the 1950s to the early 1980s, New Mexico was the world’s largest uranium producer. During the early years of the boom, there were few, if any, requirements that uranium mines be reclaimed. EMNRD’s Mining and Minerals Division developed an inventory of closed uranium mines in New Mexico, identifying approximately 260 mines where uranium production occurred. Most of the mines are in the area of the “Grants Mineral Belt” north of I-40, between Gallup and Laguna Pueblo. Of these mines, slightly more than half – primarily smaller, older mines – have not been reclaimed. Newer, larger mines are largely being reclaimed under current regulatory programs.

MMD’s FY15 operating budget included a general fund appropriation of \$394.4 thousand, meaning HB161 nearly doubles the division’s general fund revenue. General fund revenue to MMD primarily supports personnel costs associated with permitting and oversight of mining and reclamation efforts, and does not include funding directly targeted to uranium mine reclamation.

One issue identified by the agency is the potential limiting effect of the anti-donation clause on the funding provided by HB161. That is, this funding would likely be limited to reclaiming mines located entirely, or at least largely, on publicly owned land. While MMD uses a combination of state and federal funding to assess and prioritize reclamation of many of the unreclaimed uranium mines, the agency is collaborating with the New Mexico Environment Department (NMED) to use federal funds and bankruptcy settlement revenue to pursue reclamation of certain uranium mines.

Specifically, MMD plans to spend \$450 thousand on the Spencer Mine reclamation in FY15 and \$750 thousand to reclaim the Barbara J complex of mines in FY16. Moreover, under a settlement between the federal government and Tronox, Inc., EMNRD and NMED will receive \$900 million to reclaim 22 uranium mines on Navajo Nation land in New Mexico.

ADMINISTRATIVE IMPLICATIONS

According to EMNRD:

There will be a significant challenge to spend the funding within one year. MMD will need to contract out the engineering site analysis and design and managing and administering those contracts. The timetable will be tight as activities such as site reconnaissance, selection, and definition, and obtaining professional services, including RFPs, awards, planning and design, and tribal consultations, will all take time.

DUPLICATION, RELATIONSHIP

HB 161 duplicates SB 251.

JA/je/bb