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FISCAL IMPACT REPORT

SPONSOR Padilla ORIGINAL DATE 3/3/17
LAST UPDATED _____ HB _____

SHORT TITLE Public Elementary School Solar Panels SB 476

ANALYST Fernandez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Public School Facilities Authority (PSFA)

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

Senate Bill 476 requires the Public School Capital Outlay Council (PSCOC) to develop a plan to purchase and install solar energy panels on public elementary school buildings in the state prioritizing schools based on size from largest to smallest and creates the solar energy panels fund.

FISCAL IMPLICATIONS

This bill creates a new fund but does not contain an appropriation. The fund shall consist of appropriations to the fund and any other revenue such as gifts, donations, grants and income earned from investment of the fund. The fund will be administered by the Public School Facilities Authority. Any unexpended or unencumbered balance in the fund shall revert to the general fund at the end of fiscal year 2021.

PED notes that absent an appropriation, the bill requires PSFA to procure services to install solar energy panels in accordance with the plan developed by PSCOC. Thus, the unfunded mandate would be problematic as school district construction projects are already delayed due to a lack of revenue, this could further delay projects.

PED also indicates it is not clear if PSCOC is to develop a plan that is to be paid from the Public School Capital Outlay Fund (PSCOF) and if the state is to pay the full cost to purchase and install the solar panels or if the PSCOC is required to apply the state/local participation percentages that are required for regular standards based projects.

SIGNIFICANT ISSUES

According to PSFA, it may take 20-30 years to realize enough savings from solar panels to equal the initial installation cost. The return on investment can be difficult to calculate since the cost per kilowatt credited to the district from the electric provider for each watt generated can vary. Additional maintenance costs are also required throughout the life of the photovoltaic panels, since the panels last approximately twenty to twenty-five years but inverters only last approximately ten to fifteen years. As a result, any potential savings going back into the solar energy panels fund may be significantly less than the up-front installation cost. PSFA also notes that this bill does not indicate whether or not charter schools would be considered eligible elementary schools for solar panel funding.

ADMINISTRATIVE IMPLICATIONS

PSFA notes one additional FTE may be required to implement SB476.

OTHER SUBSTANTIVE ISSUES

PRC indicates that SB 476 relates to House Bill 338 and Senate Bill 342 (Community Solar Gardens Act). If both bills were to pass, HB 338/SB 342 could provide a framework for the financing and interconnection of the solar energy panels installed on public elementary school buildings pursuant to SB 476.

CF/al