

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR HENRC ORIGINAL DATE 2/13/18 HB 319/HENRCS/aHENRC/
 LAST UPDATED _____ SB ec

SHORT TITLE Carlsbad Brine Well Remediation SB _____

ANALYST Armstrong

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		
NFI				

(Parenthesis () Indicate Revenue Decreases)

Relates to SB62, SB63, SB64, SB65, SB66, SB201, HB121, HB123, HB124, HB125, HB126, HB263

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Attorney General (NMAG)

Energy, Minerals and Natural Resources Department (EMNRD)

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of HENRC Amendment

The House Energy, Environment and Natural Resources Committee amendment removes the grant of eminent domain.

Synopsis of Bill

The House Energy, Environment and Natural Resources Committee Substitute for House Rules and Order of Business Committee Substitute for HB319 among other things: amends the powers and duties of the Carlsbad Brine Well Remediation Authority (the "Authority"), including granting the power of eminent domain; administratively attaches the Authority to EMNRD; makes the EMNRD secretary the chair of the Authority; requires the Authority to report to the interim Radioactive and Hazardous Materials Committee and the Legislative Finance Committee by November 15 of each year on the status of the Carlsbad brine well remediation; and declares an emergency.

FISCAL IMPLICATIONS

The authority will be administratively attached to the Energy, Minerals and Natural Resources Department (EMNRD). EMNRD may be able to use its existing budget to provide administrative support. While the bill grants the Authority the power of eminent domain it is unclear what funds would be used to make the just compensation payments that would be required if the Authority exercises the power.

SIGNIFICANT ISSUES

The “Carlsbad brine well” refers to an underground cavern located in the southern portion of the City of Carlsbad that was created by the historic operation of a brine well. Following the collapse of two brine wells in 2008, EMNRD examined the causes of the collapses and identified the Carlsbad brine well as having similar features to the wells that collapsed. EMNRD then commissioned studies to investigate the brine well cavity and identify possible remediation options.

The remediation fund was established in 2017, and is to be used “to remediate the Carlsbad brine well”. No funds have been appropriated to the Fund so far by the Legislature. The authority was also established in 2017 but was only given an advisory role.

This bill establishes which entity is responsible for administering the remediation of the Carlsbad brine well. The authority is composed of representatives from state and local entities that could be impacted by the brine well or have expertise to offer.

CONFLICT, RELATIONSHIP

This bill conflicts with Senate Bill 226 which distributes 4.15 percent of motor vehicle excise tax receipts to the state road fund and the remainder to the general fund.

This bill is related to SB62, SB63, SB64, SB65, SB66, SB201, HB121, HB123, HB124, HB125, HB126, and HB263 in that all bills provide appropriations to the Carlsbad remediation fund.

JA/al