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FISCAL IMPACT REPORT

SPONSOR	House Energy, Environment and Natural Resources Committee	LAST UPDATED	3/13/2025
		ORIGINAL DATE	2/18/2025
SHORT TITLE	Clean Energy & Natural Resources Board	BILL NUMBER	CS/House Bill 394/ HENRCS/aHAFC
		ANALYST	Davidson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EMNRD	No fiscal impact	\$65.0	\$65.0	\$130.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Public Regulation Commission (PRC)
 Energy, Minerals and Natural Resources (EMNRD)

SUMMARY

Synopsis of HAFC Amendment to HENRC House Bill 394

The House Appropriations and Finance Committee amendment to the House Energy, Environment and Natural Resources Committee substitute for House Bill 394 removes the appropriation from the bill, clarifies one of the members of the board would be from the energy utility industry and not the energy infrastructure sector, and clarifies the purpose of the board and the advice it would submit to the governor, the secretary of the Energy, Minerals and Natural Resources Department (EMNRD), and relevant interim legislative committees.

Synopsis of HENRC Substitute for House Bill 394

The House Energy, Environment and Natural Resources Committee substitute for House Bill 394 (HB394) appropriates \$100 thousand from the general fund to the EMNRD for the purpose of creating the state Energy and Natural Resources Advisory Board. The bill directs the board to convene at least twice a year and provide expert input and specific advice to the secretary of EMNRD, the governor, and relevant interim legislative committees for implementing and maintaining clean energy in the state. The bill requires that the board be staffed by 11 different experts from environmental, governmental, and energy-related fields.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The Energy, Minerals and Natural Resource Department (EMNRD) anticipates implementation of the bill and staffing of the new advisory board would require a half-time position, or roughly \$65 thousand increase. LFC estimates this increase based on the agency's average personnel costs.

SIGNIFICANT ISSUES

The Public Regulation Commission (PRC) notes the bill does not codify any coordination between PRC and EMNRD, even though both agencies are engaged in the regulation and cultivation of the state's clean energy and natural resources. PRC also indicates the board should meet more than the twice a year called for in the bill due to the complexity of clean energy initiatives and natural resource management.

EMNRD notes, due to the size of the board and the four-year commitment required of members, staffing the board could prove challenging. EMNRD notes this issue could also be exacerbated by the varying levels of expertise required of board members.

EMNRD suggests the duties of the board and its composition are potentially misaligned. The analysis notes the duties of the board could lead the board to prioritize, for example, the development of critical minerals operations, which could conflict with other members of the board, such as forestry and state parks. This conflict between the duties of the board and its complex makeup could be clarified with more direct language.

EMNRD lists the current boards, commissions, and task forces it already staffs and takes advice from:

- Radioactive Waste Consultation Task Force (NMSA 1978, 74A-4A-6)
- Fire Planning Task Force (NMSA 1978, Section 68-2-34)
- Tree Planting Advisory Committee (NMSA 1978, Section 68-2-33)
- New Mexico Urban Forest Council (federal funding requirement)
- Natural Lands Protection Act Committee (NMSA 1978, Section 75-5-4; NMSA 1978, Section 75-9-4; NMSA 1978, Sections 75-10-3 and 6)
- Forest and Watershed Management Coordinating Group (voluntary)
- Mining Commission (NMSA 1978, Section 69-36-6)
- Coal Surface Mining Commission (NMSA 1978, Section 69-25A-4)
- Oil Conservation Commission (NMSA 1978, Section 70-2-4)
- Technical Advisory Committee to the Office of Interstate Natural Gas Markets (NMSA 1978, Section 70-11-5)
- State Parks Advisory Board (NMSA 1978, Section 16-2-2)
- Rio Grande Trail Commission (NMSA 1978, Section 9-5C-1)
- Carlsbad Brine Well Remediation Authority (NMSA 1978, Section 75-11-1)
- New Mexico Youth Conservation Corps Commission (NMSA 1978, Section 9-5B-5)

EMNRD notes, beyond the issues it highlights in its analysis, the proposed additional advisory board has the potential to aid agencies when it comes to advising rule changes, land acquisitions, funding opportunities, and rollout of new public facing programs.