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FISCAL IMPACT REPORT

SPONSOR <u>Stewart/Neville</u>	LAST UPDATED <u>2/10/24</u>	ORIGINAL DATE <u>1/31/24</u>
SHORT TITLE <u>Land & Water Conservation Fund Changes</u>	BILL NUMBER <u>Senate Bill 169/aSCONC/aSFC</u>	ANALYST <u>Wan Smith</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EMNRD	No fiscal impact	Up to \$210.0	Up to \$210.0	Up to \$420.0	Recurring	Other state funds

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

Sources of Information

LFC Files

Agency Analysis Received From
 Energy, Minerals and Natural Resources Department (EMNRD)
 Indian Affairs Department (IAD)

Agency Analysis was Solicited but Not Received From
 New Mexico Municipal League (NMML)
 Department of Agriculture (NMDA)

SUMMARY

Synopsis of SFC Amendment to Senate Bill 169

The Senate Finance Committee (SFC) amendment strikes the word “only” from Section 16-1-3(A) NMSA 1978, which states: “Funds from the state supplemental land and water conservation fund shall be made available only upon the condition that the proceeds are matched by federal land and water conservation fund state and local assistance program funding.” The word “only” is also struck from Section 16-1-3(C) NMSA 1978, which states: “Funds shall be made available from the state supplemental land and water conservation fund only in the event that the United States department of the interior provides fifty percent of the project cost.” To this section, additional language is added to allow that funds may be used to “provide assistance with compliance with the requirements of the National Environmental Policy Act of 1969 and related project pre-clearances.”

The SFC amendment strikes the bill’s appropriation.

Synopsis of SCONC Amendment to Senate Bill 169

The Senate Conservation Committee (SCONC) amendment specifies that the state supplemental land and water conservation fund shall provide the state match only for federal formula grants. The amendment also adds language clarifying that “technical assistance” as used in the statute shall not include compliance procedures conducted by the state on behalf of applicants for the National Environmental Policy Act of 1969 (NEPA), permit processing, producing geographic information systems data, project planning, developing designs, or engaging, contracting, or directing project management.

Synopsis of Original Senate Bill 169

Senate Bill 169 appropriates \$10 million from the general fund to the state supplemental land and water conservation fund in the Energy, Minerals and Natural Resources Department (EMNRD) for FY25 and subsequent fiscal years to carry out the purposes of the fund.

The bill amends the Outdoor Recreation Act (Section 16-1 NMSA 1978) to remove specific cost sharing requirements from the state supplemental land and water conservation fund. The new language requires only that state funds are matched by federal funds, with no match rate identified, and eliminates the match requirement for political subdivisions.

SB169 also amends the eligibility requirements for receiving funds to: (1) increase the incorporated municipality population limit from 15 thousand to 65 thousand, and (2) add Indian nations, tribes, and pueblos, state parks, and other political subdivisions. Additional language specifies that funding requests from Indian nations, tribes, and pueblos and from rural communities shall be prioritized, while funding for state parks to perform outreach may not exceed 7 percent of New Mexico’s annual apportionment from the federal land and water conservation fund (LWCF) assistance programs.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

Based on a \$3 million annual apportionment of federal LWCF funds, SB169 would allow the State Parks Division of EMNRD to receive up to \$210 thousand per year from the state supplemental fund. The agency would most likely use the additional funding to expand administrative support for the LWCF program by hiring one permanent position, seasonal staff, and/or contractors.

SIGNIFICANT ISSUES

Although SB169 does not specify any match rates, LWCF programs require dollar-for-dollar state matching funds. EMNRD notes that one large, competitive federal grant could therefore rapidly deplete the state supplemental fund. For this reason, the agency would prefer to limit the fund to providing a state match for formula grants only.

EMNRD also points out that one LWCF grant program, the Outdoor Recreation Legacy

Partnership program, is limited to communities of at least 35 thousand, while SB169 limits eligible municipalities to populations under 65 thousand, narrowing the pool of potential applicants to that specific range.

CWS/al/ne/ss