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FISCAL IMPACT REPORT

SPONSOR Sharer **ORIGINAL DATE** 2/10/15 **LAST UPDATED** 3/16/15 **HB** _____

SHORT TITLE NM Federal Land Management Study Commission **SB** 483/aSRC

ANALYST Armstrong

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See fiscal implications	See fiscal implications	See fiscal implications	Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 291
Relates to SM 6

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)
State Land Office (SLO)
Department of Cultural Affairs (DCA)
Indian Affairs Department (IAD)
Tourism Department (TD)

Responses Not Received From

Department of Finance and Administration (DFA)
New Mexico Association of Counties (NMAC)

SUMMARY

Synopsis of Senate Rule Committee Amendment

The Senate Rules Committee amended the bill to provide that the secretary of the Indian Affairs Department shall consult with tribes and pueblos of the state to select a commission member from both a pueblo and a tribe. This provision of the amendment does not refer to nations and does not provide nations with a position on the commission. This was likely a technical error that should be corrected with a subsequent amendment.

The amendment also adds the chair of the acequia commission or the chair's designee as a

commission member and provides that the commission shall study the feasibility of the state's management of federal lands for watershed restoration.

Synopsis of Bill

Senate Bill 483 creates the 17-member New Mexico Federal Land Management Study Commission to meet regularly and study options to transfer: (1) federal lands to the state; (2) state and federal lands to Indian nations, tribes, and pueblos; and (3) state and federal lands to the state's land grants. Additionally, the commission is tasked with studying possible land exchanges between the federal and state governments. Finally, the bill requires the commission to report to the Legislative Finance Committee and other interim committees with a progress update in 2015 and a final report by the end of 2016.

FISCAL IMPLICATIONS

While the bill does not include an appropriation, HB 291 duplicates the substantive provisions of SB 483 and appropriates \$100 thousand as a nonrecurring expense to the general fund. However, agencies stated it is unlikely that the \$100 thousand appropriation in HB 291 is adequate to cover the additional operating cost to state agencies, including but not limited to LCS and SLO, is unknown due to the uncertainty regarding the amount of time state employees or contractors would need to dedicate to the commission's work.

SIGNIFICANT ISSUES

While there is the potential for both increased revenue and increased costs to the state resulting from a transfer of federal lands, SB 483 only calls for the study of such a transfer. Some agency analysis attempted to quantify the fiscal costs and benefits of transferring federal lands to the state, but SB 483 merely requires the study of such transfers among others and this bill alone will not result in additional revenue to the state and does not require the state to take on the costs of taking title to and managing federal lands.

It is inherently difficult to compare the cost of land management between state and federal governmental agencies, given the differences in operations and regulatory responsibilities of such agencies and the types of land managed. IAD analysis notes if this study determines the transfer of federal lands to the state is beneficial and cost effective, there is still concern whether the state can adequately manage the newly acquired land.

New Mexico's State Land Office (SLO) manages 13 million acres of subsurface and 9 million acres of surface lands with an annual budget of approximately \$14 million and 150 FTE. According to the federal Natural Resources Conservation Service, federal land in New Mexico totaled 26 million acres in 1997.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 483 duplicates the substantive provisions of HB 291 which includes a \$100 thousand appropriation to support the work required of the commission.

Senate Memorial 6 requests the Local Government Division (LGD) of the Department of Finance and Administration (DFA) to convene stakeholders to: study and make

recommendations on the legal, economic, and practical framework surrounding federal land management; conduct an inventory of federal land ownership within the state; evaluate state and county dependence on federal revenue streams; and consider not only state interests, but also the interests of local governments and community economies in any economic analysis.

JA/aml/bb/aml