



# **Presentation to Water & Natural Resources Committee**

**Land of Enchantment Legacy Fund – Implementation & Plans**  
August 9, 2023

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# OVERVIEW: Land of Enchantment Legacy Fund & Conservation Legacy Permanent Fund (2023 SB 9)

New Mexico's first-ever dedicated source of recurring funding for conservation, prioritizing land and water stewardship, forest and watershed health, outdoor recreation and infrastructure, agriculture and working lands, historic preservation, and wildlife species protection.

- SB 9 – a bipartisan product of five years' negotiations among a broad coalition of non-governmental organizations, legislators, and state agencies – passed in the 2023 legislative session and was signed by the Governor this April.
- SB 9 created a permanent source of funds for existing conservation programs at six agencies (EMNRD, NMED, DCA, DGF, NMDA, and EDD).
- The Land of Enchantment Legacy fund has two buckets:
  - A **spend-down fund** (the Land of Enchantment Legacy Fund) that has **immediate (FY25) funding for programs** and provides at least \$12.5 million in funding per year until expended, and
  - An **investment fund** (the Conservation Legacy Permanent Fund) that is managed by the State Investment Council and generates interest to create a stable funding stream over time.
- The 2023 legislature appropriated a total of \$100 million to SB 9 programs - \$50 million to the spend-down fund and \$50 million to the investment fund.



# TEN DIFFERENT PROGRAMS AT SIX STATE AGENCIES

## New Mexico Department of Agriculture – 22.5%

- Noxious Weeds Program
- Healthy Soils Program
- Soil & Water Conservation Districts

## Energy, Minerals, & Natural Resources Department – 22.5%

- Natural Heritage Conservation Act Program
- Forest and Watershed Health Program

## Department of Game and Fish – 22%

- Game Protection Fund

## Economic Development Department – 15%

- Outdoor Recreation Trails+ Grants
- Outdoor Equity Fund

## New Mexico Environment Department – 10%

- River Stewardship Program

## Department of Cultural Affairs – 8%

- Cultural Property Protection Act

# EMNRD Programs Funded by the Land of Enchantment Legacy Fund

## Natural Heritage Conservation Act Program

- NHCA funds conservation and agricultural easements and land restoration projects to support forests and watersheds, natural areas, wildlife and wildlife habitat, agricultural production on working farms and ranches, and outdoor recreation, including hunting, fishing, and trails.
- The Land of Enchantment Legacy Fund means that, for the first time, NHCA will have consistent, year-after-year funding.
- Federal match – each dollar of federal funding through programs like the Land and Water Conservation Fund can be matched by NHCA.
- Example project: Brazos Cliffs Conservation Easement (in Progress): This project will leverage funding from the USDA Forest Service, Forest Legacy Program to conserve the exceptionally scenic Brazos Cliffs and provide water source protection, wildlife habitat, and recreational and trail access to the seasonal waterfall. A total of 6,718 acres will be protected with the proposed easement.

## Forest and Watershed Restoration Program

- The Forest and Watershed Restoration Program supports forest and watershed restoration projects designed to enhance water source protection, wildfire risk reduction and fish and wildlife habitat conservation.
- FAWRA is already a successful program at EMNRD – the Land of Enchantment Legacy Fund funding will mean we can fund many more projects each year.
- Project proposals are reviewed by the FAWRA advisory board who recommend projects based on their public benefits including water source protection, wildfire risk reduction and fish and wildlife habitat conservation.
- Example project: Trampas to San Cristobal Forest Restoration, Taos County: Ponderosa and piñon/juniper stands will be thinned to improve ecological function and reduce risk of catastrophic wildfire that threatens water supplies for Arroyo Hondo, Valdez, San Cristobal, Ojo Sarco, El Valle, and Las Trampas. This project uses a “forest mayordomo” model that allows community members to conduct thinning on national forest lands and retain the firewood.

# How the two funds work together – and why we need to increase the balance in the permanent fund

## HOW THE FUNDS WORK

- The expendable fund disburses the greater of \$12.5 million or 25% of its available balance, per year, every year.
  - That disbursement is then distributed into each funded program using the formula on slide 3.
- The investment fund is invested by the SIC, generates interest, and can accept new appropriations (or gifts, donations, etc.)
- The investment fund automatically spills money over into the expendable fund when certain conditions are met:
  - There is a balance of \$150 million or more in the investment fund AND
  - The interest income from the permanent fund the previous year fiscal is more than \$5 million.
  - If both conditions are met, interest income in excess of \$5 million spills into the expendable fund and flows to programs using the formula on slide 3.

## GETTING TO SELF-SUSTAINING

- The goal of this trigger is to ensure in the initial years that the focus of the money in the investment fund is growth and principal preservation and that automatic distributions only begin when the combination of principal balance and income are sufficient.
- The \$150 million trigger is not a cap on fund size or an adjustment to the appropriation, it is simply a management tool to balance the money in each fund, while ensuring principal growth/preservation.
- It will take \$300 million (or more) in the investment fund to get to a self-sustaining level of interest income.



**THANK YOU.  
QUESTIONS?**

