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FISCAL IMPACT REPORT

SPONSOR:	Pearce	DATE TYPED:	01/31/00	HB	215
SHORT TITLE:	Watershed Improvements on Public Lands			SB	
				ANALYST:	Pickering

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
		Indeterminate		Recurring	OSF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

Office of the State Engineer /Interstate Stream Commission (OSE/ISC)

SUMMARY

Synopsis of Bill

HB215 amends Section 19-7-15 NMSA 1978 to allow for inclusion for compensation of watershed improvements placed on the land prior to March 1, 1955, whether or not the value is in excess of the amount prescribed by Section 19-7-51 NMSA 1978.

Significant Issues

According to OSE, the proposed amendments to existing law do not explain in detail what constitutes a watershed improvement. Hence, it is left to the State Land Office to clarify and administer this definition.

SUBSTANTIVE ISSUES

OSE reported that by giving a monetary value to watershed improvements placed on the land, the SLO and/or the lessee can increase the value of current improvements to either increase the possible sale value of the land or to increase the compensation level due to the current lessee at the time of lease renewal. In the case of added improvements placed on the land by the current lessee, these watershed improvements could lock in the lower dollar/acre bid of the current lessee and keep the current lease from going to a higher bidder, since the higher bidder must compensate the current lessee for value of all improvements on the current lease land. This value would include any watershed improvements.

FISCAL IMPLICATIONS

OSE contends this entire process could possibly result in the continued low rental rates on state grazing lands, which affect revenues in the permanent fund and thus revenues of major funds used by the agency. The fiscal impact is indeterminate.

RP/njw:gm