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FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 03/03/03 HB 33/aH AFC

SHORT TITLE: ONGARD Service Center SB _____

ANALYST: Hayes

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

Taxation and Revenue Department (TRD)

Commissioner of Public Lands

SUMMARY

Synopsis of H AFC Amendment

The amendment to HB 33 from the House Appropriations and Finance Committee revises the status of ONGARD as an adjunct agency of the executive branch as proposed in the bill to be “attached administratively to the taxation and revenue department.”

Synopsis of Original Bill

House Bill 33 adds a new section to the ONGARD System Development Act so that ONGARD is created as an “adjunct agency” of the executive branch of government.

House Bill 33 also repeals Section 19-10B-7 NMSA 1978 and adds new material which directs the Commissioner of Public Lands, the Taxation and Revenue Department, the Energy, Minerals and Natural Resources Department, and the ONGARD Service Center to enter into a joint pow-

ers agreement to cooperate in the retirement of the ONGARD system development bonds and the operation of the ONGARD system.

The effective date of the provisions of this bill is July 1, 2003.

Significant Issues

1. The Oil and Natural Gas Administration and Revenue Database (“ONGARD”) is an automated database information system utilized by specific state agencies that deal with oil and natural gas issues, including oil and gas leases on state-owned land and revenue from the oil and gas industry. The ONGARD system plays a vital role in monitoring the industry and taxes owed from its operations in New Mexico.
2. The intent of this legislation is to move the ONGARD Service Center from the Taxation and Revenue Department administratively and to create ONGARD as an adjunct agency. “Adjunct agencies,” according to Section 9-1-6 NMSA 1978, “are those agencies, boards, commissions, offices... which are excluded from any direct or administrative attachment to a department, which retain policymaking and administrative autonomy separate from any other instrumentality of state government.”
3. As an independent, neutral agency, the service center’s goals and objectives would be solely determined by ONGARD, not another department. ONGARD itself would be able to prioritize needs among the three user agencies (TRD, SLO and EMNRD).
4. Operations of ONGARD and its interlinking functions with other agencies should not be directly affected by this legislation. There should be no disruption or break in services. It is assumed that the tri-agency users will continue to cooperate and coordinate in ongoing ONGARD functions.

FISCAL IMPLICATIONS

ONGARD’s proposed FY04 budget (incorporated as part of TRD’s budget) is \$1,393.2, of which \$779.4 is general fund and the remainder, \$613.8, is from SLO’s Land Maintenance Fund, other state funds. It is unknown whether additional funding or personnel will be necessary for the agency to function independent of TRD.

ADMINISTRATIVE IMPLICATIONS

The ONGARD Service Center will remain in its current location in the State Land Office. However, provisions of Section 3 of HB33 direct that all functions, personnel, appropriations, records, equipment, furniture, supplies and other property belonging to ONGARD under the Taxation and Revenue Department be transferred to the ONGARD Service Center. In addition, all contracts and agreements shall be binding on the ONGARD Service Center.

TECHNICAL ISSUES

The ONGARD system development bonds have already been retired, so some of the provisions in Section 2 of the bill relating to retirement of the bonds are not necessary.

POSSIBLE QUESTIONS

1. How will the oil and gas industry and/or the tri-agency users involved with ONGARD benefit from this legislation?
2. It is assumed that TRD's oil and gas bureau auditors will continue to perform industry audits as usual. Will productivity or revenue be affected by the transfer of ONGARD?

CMH/prr