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## FISCAL IMPACT REPORT

**SPONSOR** Payne                      **DATE TYPED** 1/31/2004      **HB** \_\_\_\_\_

**SHORT TITLE** Severance Bonds for Unique Land Acquisition      **SB** 291

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**ANALYST** Aguilar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$1,000.0			Recurring	Severance Tax Bonds
			\$65.0	Recurring	General Fund/OSF

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(\$1,000.0)		Recurring	Severance Tax Bonds

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources (ENMRD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 291 directs the Board of Finance Division of the Department of Finance and Administration (DFA) to estimate by January 15 of each year the amount of bonding capacity available for severance tax bonds to be authorized by the legislature. DFA would then deduct \$1 million from the estimated amount and issue bonds in that amount to acquire lands pursuant to the Natural Lands Protection Act (NLPA).

Proceeds from the sale of the bonds will not be used to pay indirect project costs.

Any unexpended balance from the bond proceeds would revert to the severance tax bond fund at the end of the fiscal three years following the fiscal year in which the bonds were issued

### Significant Issues

ENMRD reports that six separate appropriations have been made for the NLPA totaling \$1,575,000. However, no appropriation has been made since 1996. As a result, EMNRD has not pursued new acquisitions. This bill would provide recurring funding that would allow EMNRD to pursue new acquisitions.

Senate Bill 291 would create a recurring revenue source that would sustain efforts to protect unique ecological lands in the state.

Provisions in this bill prevent money from the severance tax bonds to be used to pay for indirect project costs. This may cause some difficulty in that appraisals, surveys, biological evaluations, boundary fencing and other costs will not be covered. EMNRD estimates the annual cost of these activities at \$65 thousand which must be absorbed by existing personnel and resources.

Properties to be acquired as a result of this legislation offer habitat for threatened and endangered species that benefit through increased management protection and allow for research and teaching.

The NLPA requires EMNRD to develop a list of properties that qualify for acquisition. Sites must afford habitat for rare, threatened or endangered species; must constitute the best remaining examples of native ecological communities that are otherwise unprotected; and must offer opportunities for research and teaching. EMNRD certifies a list of qualified sites that is presented to the Natural Lands Protection Committee.

### **FISCAL IMPLICATIONS**

The bill appropriates \$1 million in severance tax bonds on a recurring basis. The significant increase in NPLA purchases that this funding would allow would require substantial staff time and resources that are not currently available. EMNRD requests an additional FTE to administer the NLPA program along with funding for that FTE's salary and benefits. EMNRD estimates this cost to be \$65,000.

### Continuing Appropriations

This bill provides for a continuing appropriation. The LFC objects to including continuing appropriation language in statutory provisions. Earmarking reduces the ability of the legislature to establish spending priorities.

### **OTHER SUBSTANTIVE ISSUES**

By providing recurring funding, this bill will increase EMNRD's ability to acquire land that will afford habitat for rare species. This would enhance the Forestry Division's objective of protecting endangered plant species habitat. It would also benefit the Department of Game and Fish's ability to protect endangered animal species habitat. In doing so, the citizens could benefit in two very specific ways. The protection of critical habitat increases the opportunity to preserve species that may hold answers to future problems. Second, protected habitat could enhance opportunities to restore species thus making the management of surrounding lands less impacted by the endangered species act.

ENMRD notes that to date, five environmentally and aesthetically attractive sites have been acquired under the NLPA. Included are two tracts on the Gila River northeast of the community of Cliff, two tracts near Gallup on the Rio Nutria and one tract on the Mimbres River. The tracts on the Gila River provide valuable habitat for a number of species including: spikedace, loachminnow, bald eagle, black-hawk, Albert's towhee, Bells vireo, southwestern flycatcher and Gila woodpecker. The Rio Nutria tracts are adjacent to the Zuni Reservation and provide the one of the only habitats for the state listed Zuni bluehead sucker. The Mimbres River tract provides habitat for the Chihuahuan chub that is a federally listed fish as well as a number of rare animals including the Chiricua-hua leopard frog, black-hawk and southwestern willow flycatcher.

**PA/dm:yr**