

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Kidd DATE TYPED 2/17/2004 HB _____

SHORT TITLE Sale of Cottonwood-Walnut Creek Property SJR 5/aSFL#1

ANALYST Aguilar

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	\$925.0		Non-recurring	State Parks Capital Projects Fund
		See Narrative	Non-recurring	Federal Funds

(Parenthesis () Indicate Revenue Decreases)

Relates to SB326

SOURCES OF INFORMATION

LFC Files

Responses Received From
Energy, Mineral and Natural Resources (ENMRD)

SUMMARY

Synopsis of SFL Amendment #1

Senate Floor Amendment #1 to Senate Joint Resolution 5 adds language which states that the state park division be authorized to purchase lands adjacent to Sugarite and Manzano state parks. The amendment also makes changes to the title reflecting this change.

Significant Issues

The language addition mirrors language contained in SB 326 which appropriates the proceeds from the sale of the Cottonwood-Walnut property located in Eddy county to the state parks division for expenditure in fiscal year 2005 through fiscal year 2014 and for the purpose of matching federal funds and purchasing land adjacent to Sugarite and Manzano State Parks or other parks authorized or to be authorized for acquisition by the legislature

Synopsis of Original Bill

Senate Joint Resolution 5 (SJR5) authorizes the sale of the Cottonwood-Walnut Creek property in Eddy County, owned by the Energy, Minerals and Natural Resources Department (EMNRD), State Parks Division (SPD).

Significant Issues

Section 13-6-3, NMSA 1978 provides that the sale of real property owned by the state and valued in excess of \$100 thousand requires legislative ratification and approval.

The sale of the property is requested by SPD because the development of a state park at the site has been delayed for many years and subsequently another state park was constructed in the vicinity. Proceeds from the sale will be used to match federal grant monies and fund needed land acquisitions and development at other existing state parks.

EMNRD reports the Cottonwood-Walnut property was never operated as a state park and does not fit the criteria for becoming a state park. SPD purchased the Cottonwood-Walnut site in 1972 as a portion of the state's contribution for the recreational component of a watershed protection and flood control project. The project was to be developed in partnership with the Natural Resources Conservation Service (NRCS), the Cottonwood-Walnut Creek Watershed District, three water conservation districts, and the New Mexico Department of Game and Fish. The proposed flood control dam, known as Site 19, required a recreational component in order to meet the test of having a positive cost/benefit ratio. SPD was asked to provide this recreational component because there was no justification for the project based solely on flood control benefits without the recreational component.

ENMRD also notes that due to ongoing drought and ground water pumping in the area, no surface flow is currently evident in the drainage. All of the state park lands and their accompanying artesian water rights would be needed to create the recreational pool behind the dam. NRCS proposes to pump approximately 1,000 acre-feet per year to maintain a recreational pool at the site. This small reservoir would be subject to high evaporation rates and NRCS has not secured the necessary permits from the Office of the State Engineer for this project. According to the State Engineer, the project is unlikely to get such approval. The reality is that the Site 19 project is likely never to be built and is not feasible. Moreover, operations of a state park would add significant recurring expenses of approximately \$150 thousand dollars per year).

FISCAL IMPLICATIONS

The sale of the Cottonwood-Walnut property is the best opportunity to create a revenue source that would be utilized to match federal funds for the purchase of lands adjacent to three other state parks. The property has an appraised value of \$925.0. Proceeds from the sale would be used to get a dollar-for-dollar match from the federal government, doubling New Mexico's investment.

TECHNICAL ISSUES

Language directing the proceeds of the sale to the State Parks Capital Projects Fund may be considered to make certain that these funds are used for the purposes intended.

OTHER SUBSTANTIVE ISSUES

The department has attempted to secure funding for the match for several years. 2004 is the last year that federal matching funds will be available. Without matching funds this opportunity may be lost.

The sale of the Cottonwood-Walnut property owned by SPD will have significant positive impact on the ability of the SPD to match federal funds for land acquisition and development at other existing parks. The 2001 legislature enacted SJR4 approving the purchase of lands adjacent to Coyote, Oliver Lee and Pancho Villa State Parks in order to protect their natural, cultural and historical resources and provide expanded visitor opportunities. Proceeds from the sale of the Cottonwood-Walnut property are critically needed as state match for federal land and water conservation funds previously allocated to New Mexico for these purchases.

Importantly, the Interstate Stream Commission is extremely interested in retiring the property's water rights in order to help New Mexico meet its Pecos River Compact water delivery obligations.

PA/yr:dm