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FISCAL IMPACT REPORT

SPONSOR Smith DATE TYPED 2/3/2004 HB _____

SHORT TITLE State Lease Holder Drought Relief SJM 37

ANALYST Aguilar

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(Significant)	See Narrative	Recurring	OSF

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Commissioner of Public Lands

SUMMARY

Synopsis of Bill

Senate Joint Memorial 37 requests the Commissioner of Public Lands to provide economic relief for those lessees who have been severely affected by drought conditions on their state trust land lease holdings.

Significant Issues

Senate Joint Memorial 37 notes that drought has affected range conditions, yet no commensurate reduction in fees paid has been made.

Senate Joint Memorial 37 requests that Commissioner of Public Lands review the current rates for stocking and rental of all state trust land under agricultural lease and identify areas affected by drought and if applicable, offer drought relief to protect the state's natural resources.

SLO reports that drought relief should be considered by freezing rental rates, adjusting the carrying capacity where warranted, requesting livestock reductions and adjusting rentals on a percentage basis. Only lessees in good standing are entitled drought relief.

SLO notes that freezing the formula is the most viable option at this time; other options would create an administrative burden on the agency.

Additionally, SLO indicates that this legislation could result in protecting state trust lands by encouraging lessees to carefully evaluate their livestock management practices.

FISCAL IMPLICATIONS

All proposed options will result in revenue loss for the trust; however an accurate determination of the actual impact on revenues is unclear at this time. Reevaluating and recalculating all of the factors that make up rate determinations is not funded by this legislation and will cause considerable resource problems to the state land office.

ADMINISTRATIVE IMPLICATIONS

SLO reports that activities required to meet the intent of this joint memorial will result in an enormous effort to calculate and evaluate carrying capacities of the land. With more than 9 million acres of land in the trust, this effort may be unmanageable in the short term.

TECHNICAL ISSUES

Proposed options may conflict with the Enabling Act. Options available other than freezing the formula could cause a fiscal and administrative burden on the agency due to the intermingled land status of the state. State trust lands are located in every county of the state except Los Alamos.

PA/yr