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FISCAL IMPACT REPORT

ORIGINAL DATE 1-26-07

SPONSOR P. Campos LAST UPDATED _____ HB _____

SHORT TITLE White Peak Area Land Purchase SB 416

ANALYST Woods

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|------------|-------------------------|------------------|
| FY07 | FY08 | | |
| NFI | \$15,000.0 | Non-recurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

State Land Office (SLO)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 416 seeks to appropriate \$15,000,000 from the general fund to the State Land Office for expenditure in fiscal years 2008 and 2009 for the purchase of approximately twelve thousand acres of the Stanley Ranch in the White Peak area in Mora and Colfax counties, contingent on the purchase agreement between the State Land Office and the owner of the land. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

FISCAL IMPLICATIONS

SLO indicates that, if acquired as state trust land, SLO would realize increased revenues resulting from the net increase in acreage, thus increasing distributions to designated beneficiaries. Consolidated ownership could provide opportunities to enhanced revenues through marketing and selling select land uses. Further, SLO and other agencies will need to expend budget, primarily in the form of salaries, benefits and travel for the purchase and subsequent joint resource

planning and management should the purchase succeed. Projected costs are undetermined at this point. The purchase and certain transaction efforts will be supported by the appropriation.

SIGNIFICANT ISSUES

SLO notes that the White Peak area near the Mora-Colfax County line in Northern New Mexico has been a site of competing interests over land use between private landowners and hunters, primarily over access to and use of state trust land. Complex land ownership patterns characterize the area; roughly half of which is private land, the other half is state trust land. Access to much of the state trust land requires traveling through or across private property. There is disagreement regarding the status of roads used to access trust land throughout the area. Consequently, the area has been the subject of land use conflict, continuing law enforcement challenges and resource management concerns.

EMNRD adds that this bill would result in the acquisition of approximately 12,000 acres of primarily forested land in the northeastern portion of the state that provides exceptional qualities for forest, watershed and wildlife habitat. This property occurs on the east-slope of the Sangre de Cristo Mountains – on the Mora-Colfax County line – north of the town of Ocate. The landowner also leases some adjacent State Trust Land. This project would protect important watershed, critical wildlife habitat, and productive timber resources from subdivision and conversion to recreational homes and other development. These collectively make a large block of undeveloped land that could be maintained for forest values that could benefit the land and those that enjoy its use. Large-scale recreational and residential development would erode local resource availability to this small, traditional community. This region of the state is experiencing rapid subdivision and development of private forests for residential and recreational development.

PERFORMANCE IMPLICATIONS

SLO indicates that it would necessarily engage in negotiations and related efforts to purchase the fee simple interest in the properties. Those efforts would include appraisal, due diligence, purchase contract development, title work and other related document preparation and filing. SLO Advises it has the expertise for conducting such transactions, but certain elements would be best performed by a contractor. It is expected that the bill would permit the use of the appropriation for contract support and transaction costs.

EMNRD advises that the acquisition of this property could have beneficial performance implications if the purchase prevents development of this property for residential or other high-density use. State and federal fire protection agencies are experiencing increasingly complex fire suppression actions in forests that are developed throughout the state. Wildfire suppression tactics must first address public and property safety. Evacuation of residences and businesses is increasingly common. Protecting structures requires dedication of more expensive resources. Undeveloped forests offer greater opportunities for prescribed fires, burning out, and other tactics and do not increase fire suppression costs unlike conversion to residential areas.

ADMINISTRATIVE IMPLICATIONS

SLO states that acquisition of the property may reduce the level of effort expended by state agencies dealing with access conflict, resource allocation and use, and enforcement. Further that SLO will incur administrative responsibilities related to purchase negotiations, appraisal, due

diligence, contract preparation and title work.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

SLO suggests that the complex land ownership and associated issues will remain.

BFW/nt