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**FISCAL IMPACT REPORT**

**ORIGINAL DATE** 1/22/08

**SPONSOR** Carraro **LAST UPDATED** 1/23/08 **HB** \_\_\_\_\_

**SHORT TITLE** Enact Federal Public Lands & Education Act **SJM** 21

**ANALYST** Cox

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	\$4,000,000.0* estimated loss			Various

(Parenthesis ( ) Indicate Revenue Decreases)

**SOURCES OF INFORMATION**

LFC Files

**SUMMARY**

Synopsis of Bill

Senate Joint Memorial 21 urges the United States Congress to compensate Western States for the impact of federal land ownership on State education funding by enacting the Action Plan for Public Lands and Education Act of 2007.

This Joint Memorial notes that the passage of H.R. 3614 or S. 2072, also known as the Action Plan for Public Lands and Education Act of 2007 would authorize Western States to make selections of public land within their borders in lieu of receiving five percent of the proceeds of the sale of public land lying within their borders

This Joint Memorial requests that the above Act be supported and that the New Mexico congressional delegation be requested to actively work for the passage of these bills so that New

Mexico may receive federal payments or land that will contribute to education improvement for New Mexico's school children.

This Joint Memorial requests that Western States be authorized to choose land parcels of federal land to be sold, in lieu of receiving five percent (5%) of these sales proceeds. It applies to land within the State's Borders.

The Joint Resolution states that receiving the above-mentioned lands, in lieu of cash is equitable compensation for related declining federal revenues. These declining revenues are basically educational in nature.

This Joint Memorial requests that copies of this memorial be transmitted to each member of the New Mexico Congressional delegation.

## SIGNIFICANT ISSUES

The Joint Memorial states that:

- For many years, Western States have grappled with the challenge of providing the best education for their residents; and
- Western States face unique challenges in achieving this goal; and
- from 1979 to 1998, the expenditures per pupil in thirteen Western States increased twenty-eight percent compared with fifty-seven percent in the remaining states; and
- in 2000-2001, the pupil per teacher ratio in thirteen Western States averaged 17.9:1 compared with 14.8:1 in the remaining states; and
- it is projected that enrollment will increase by an average of seven and one-tenths percent in the Western States compared with an average decrease of two and six-tenths percent in the rest of the nation, exacerbating the conditions in Western States; and
- despite the wide disparities in expenditures per pupil and pupil-per-teacher ratio, Western States tax at a rate comparable to the remaining states and allocate as much of their budgets to public education as the rest of the nation; and
- the ability of Western States to fund education is directly related to federal ownership of state lands; and
- the federal government owns an average of almost fifty-two percent of the land in thirteen Western States, compared with four and one-tenths percent in the remaining states; and
- the enabling acts of most Western States promise that five percent of the proceeds from the sale of federal lands will go to the states for public education; and
- a federal policy change in 1977 ended these sales, resulting in an estimated fourteen billion dollars (\$14,000,000,000) in lost public education funding for Western States; and
- the ability of Western States to fund public education is further impacted by the fact that state and local property taxes upon which public education relies heavily cannot be assessed on federal lands; and
- **\*the estimated annual impact of this property tax prohibition on Western lands is over four billion dollars (\$4,000,000,000);** and
- the federal government shares only half of its royalty revenue with the states; and
- royalties are further reduced because federal lands are less likely to be developed and federal laws often place stipulations on the use of state royalty payments; and

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- the estimated annual impact of royalty payment policies on Western States is over one billion eight hundred sixty million dollars (\$1,860,000,000); and
- much of the land that the federal government transferred to States upon statehood as a trust for public education is difficult to administer and to make productive because it is surrounded by federal land; and
- federal land ownership greatly hinders the ability of Western States to fund public education; and
- the federal government should compensate Western States for the significant impact federal land ownership has on the ability of Western States to educate their residents; and
- just compensation will allow Western States to be on equal footing with the rest of the nation in their efforts to provide education for their residents;

PRC/bb:mt