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## FISCAL IMPACT REPORT

ORIGINAL DATE 2-3-09

SPONSOR Lundstrom LAST UPDATED \_\_\_\_\_ HJR 7

SHORT TITLE McKinley County Surplus Land Disposal SB \_\_\_\_\_

ANALYST Woods

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
NA	Possible increase	Non-Recurring	Non-Recurring	State Parks

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non- Rec	Fund Affected
<b>Total</b>	NA	Indeterminate (positive)	NA	Indeterminate (positive)	Non- Recurring	Parks Operating

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB326

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

**SUMMARY**

Synopsis of Bill

HJR 7 authorizes the Energy, Minerals, and Natural Resources Department, State Parks Division (SPD), to dispose of surplus real property in McKinley County. This disposal may be by donation, sale, or exchange of real property.

**FISCAL IMPLICATIONS**

EMNRD advises that, depending on the disposal method of the property, the fiscal impact will vary. Regardless of the method of disposal there will be a net positive impact to the SPD (except for donation; but sale or trade, not donation, is SPD's intention). If the land is traded to the State Land Office (SLO) for property that is currently leased by SPD from SLO, it could result in the elimination of annual lease payments to SLO (approximately \$10.0). If the Division does an outright sale of the property, and assuming a value of \$1.0 per acre, the proceeds of the sale would generate approximately \$424.0 to SPD.

**SIGNIFICANT ISSUES**

EMNRD notes that HJR 7 would authorize SPD to dispose of surplus property in McKinley County. Per New Mexico law, if the property is worth over \$100.0 and State Parks wishes to dispose of the property, the Legislature must approve it first. The property owned by SPD (approximately 424 acres) is not currently and probably never will be used for state park purposes. This property was initially acquired by SPD in the 1930s. There are no plans, either short- or long-term for usage of this property for State Park purposes, and the property itself does not contain natural or cultural resources significant enough to warrant continued SPD ownership and management; therefore, SPD is requesting authority to dispose of the property.

EMNRD adds that, if SPD is granted authority to dispose of this surplus property, one option would be an exchange with the SLO. SPD currently leases state trust land at six parks (Clayton, Oasis, Rockhound, City of Rocks, Leasburg, and Bottomless Lakes). SPD has proposed the concept of a land exchange to SLO involving the McKinley County property. Depending on the values of the respective SPD and SLO lands involved, SPD could receive title to the state trust lands within the five state parks in exchange for all or part the McKinley County property (which has development potential and could earn revenue for SLO that benefits the Permanent Fund). SLO is interested in this exchange. The results of such an exchange would be beneficial for both parties and for the public. SLO would obtain property that could produce revenue for public education. State Parks would obtain permanent title to land within five state parks, gain autonomy to manage and develop these lands as the agency sees fit in order to benefit the visitors and the general public, eliminate a substantial annual cost, and reduce administrative burden by eliminating leases.

**ADMINISTRATIVE IMPLICATIONS**

EMNRD advises that, if HJR 7 is approved, SPD will have to expend some administrative effort to dispose of the property. This effort is not expected to be burdensome and can be handled by existing staff.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

EMNRD indicates that HB 326 would appropriate any proceeds from the sale of the property to SPD for the purposes of matching federal funds, acquisition of other lands approved by the legislature, or improvements at other state parks.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

EMNRD suggests that the real property will remain in the inventory of the SPD. SPD will not have the authority to dispose of this surplus property and will have to continue to expend administrative effort and resources to manage a property that is not part of any state parks.

**AMENDMENTS**

None suggested.

BW/mt