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FISCAL IMPACT REPORT

SPONSOR Cisneros **ORIGINAL DATE** 1/27/16
LAST UPDATED 2/5/16 **HB** _____
SHORT TITLE Revenue for Forest & Watershed Projects **SB** 110/aSFC
ANALYST Armstrong

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18		
	\$300.0	\$300.0	Recurring	Forest Land Protection Revolving Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to Senate Bill 128

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)
 Department of Game and Fish (DGF)
 State Land Office (SLO)
 Office of the State Engineer (OSE)

SUMMARY

Synopsis of Senate Finance Committee Amendment

The Senate Finance Committee amended the bill to provide that expenditures from the fund are subject to appropriation by the Legislature, addressing the concern raised below under “Technical Issues.” The amendment also added “other sources” to the list of potential revenues to the Forest Land Protection Revolving Loan Fund.

Synopsis of Bill

Senate Bill 110 expands the potential revenue sources to and eligible uses of the Forest Land Protection Revolving Loan Fund (“the fund”).

FISCAL IMPLICATIONS

The Forestry Division estimates that it could receive approximately \$300 thousand annually from federal agencies such as the U.S. Forest Service (USFS) and the National Park Service (NPS) by using Forestry Division employees to conduct forest, watershed and community protection thinning projects on federal lands.

This bill expands the potential revenue sources and eligible uses of an existing fund that potentially provides for continuing appropriations. Current statute provides expenditures may be made from the fund upon vouchers signed by the state forester and warrants issued by the secretary of the Department of Finance and Administration. However, the statute does not make these expenditures subject to legislative appropriation. The LFC has concerns with including continuing appropriation language in the statutory provisions for funds, as earmarking reduces the ability of the Legislature to establish spending priorities.

SIGNIFICANT ISSUES

Currently, the fund may only receive revenue from the sale of confiscated wood and other seized property following a court's finding that the Forest Conservation Act was violated. Expenditures from the fund are limited to "administration and enforcement" of the Forest Conservation Act. SB110 allows the fund to receive revenue from federal or state agencies for conducting forest and watershed management projects on lands that the federal government or other state agencies own or manage. The bill further specifies that the fund may be used to acquire tools and equipment and for expenses incurred by the Forestry Division in planning and supervising forest and watershed management projects.

According to the Forestry Division:

Other government entities such as USFS and NPS frequently have funds to conduct forest, watershed, and community protection thinning projects that benefit the public, but do not have the physical resources available to conduct the projects. The Forestry Division has resources such as military veteran firefighting crews who have the training and can implement these projects while not on wildland fire assignment. These federal cooperators have demonstrated interest in entering into reimbursable project agreements with the Forestry Division, but an appropriate fund does not exist to manage these funds. Amending the Forest Land Protection Revolving Fund would allow for this authority.

PERFORMANCE IMPLICATIONS

According to the Forestry Division:

The additional funding would be available to replace, repair, and maintain equipment used during the planning and implementation of forest and watershed health projects statewide. The revenue could potentially enable the Forestry Division to implement more projects and increase the number of acres of forestlands treated.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 128 proposes to enter New Mexico into the Interstate Compact for the Prevention and Control of Forest Fires.

TECHNICAL ISSUES

Adding “subject to legislative appropriation” on page two, line 3, between the period and “Expenditures,” could address LFC’s concern with including continuing appropriation language in the statutory provisions for funds.

OTHER SUBSTANTIVE ISSUES

The Department of Game and Fish (DGF) works closely with the Forestry Division on collaborative forest, watershed, and wildlife habitat restoration projects across the state. Department expenditures towards this collaboration originate in the Game Protection Fund, Habitat Management Funds, and federal funds generated through the Wildlife and Sportfish Restoration Acts. According to DGF analysis, the ability for the State Forestry Division to receive additional federal funding and revenue from other sources provides additional capacity to restore the State’s forest for watershed health, wildfire prevention and wildlife conservation. It also allows for the administration management of the projects to be funded, a critical component to ensure that projects are properly vetted and successfully managed until completion.

Additionally, the bill would allow the State Land Office (SLO) and Forestry Division to better partner in prioritizing and conducting watershed health restoration activities on state trust property. Increasing acres treated and further leveraging priority projects are goals for both agencies. The bill could improve watershed health on lands adjacent to state trust property, partially easing SLO’s concern of the potential of wildland fires spreading to state trust land. The impact of catastrophic and extreme wildland fires could negatively impact existing trust land users and the ability to generate future revenue.

Finally, according to SLO analysis, the treatment of watersheds will improve the overall effectiveness of firefighters tasked with suppressing fires. The overcrowding and density of trees per acre in some watersheds is prime for catastrophic crown fires. Firefighters on the ground will have increased difficulties in suppressing these wildfires and protecting adjacent communities. The reduction of fuels will improve the overall safety to wildland firefighters and the safety of adjacent communities.

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