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FISCAL IMPACT REPORT

SPONSOR Romero ORIGINAL DATE 1/27/2020
LAST UPDATED _____ HB 176
SHORT TITLE Land Leases Between Local Gov't and State SB _____
ANALYST Hawker

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate	Indeterminate			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
State Land Office (SLO)

SUMMARY

Synopsis of Bill

House Bill 176 amends Section 19-7-54 NMSA 1978 (being Laws 1929, Chapter 53, Section 1) extending the amount of time for public land leases from 25 years to 40 years and adds economic development to the list of permitted uses. The bill provides for technical clean-up.

The effective date of this bill is July 1, 2020.

FISCAL IMPLICATIONS

There is no direct expense impact, however, additional leasing of public lands by local governments could generate additional revenues for state trust land beneficiaries.

SIGNIFICANT ISSUES

According to SLO, HB176 implements one of the recommendations of the economic development innovation task force which was established by HM16 in the 2019 session.

Currently SLO has three economic development leases with municipalities and counties (City of Santa Fe, Sandoval County, Lea County). SLO states increasing the maximum lease term from 25 years to 40 years may lead to more development opportunities as private sector tenants often require longer lease terms so as to lessen their risk of building facilities on state trust lands and obtaining necessary financing.

House Bill 176 – Page 2

According to SLO by extending the allowable lease term, leasing state trust lands may become a more attractive option. Additionally, SLO believes more financial institutions will lend to economic development projects with longer lease terms.

SLO points out the bill will not change the other terms of SLO leases with municipalities, counties and school districts, which uniformly require compliance with applicable federal, state, and local laws and regulations.

VKH/al/rl