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FISCAL IMPACT REPORT

SPONSOR Hernandez/Lord/ **ORIGINAL DATE** 02/10/21
Crowder/Black/Alcon **LAST UPDATED** 03/03/21 **HB** 260
SHORT TITLE Park Passes For Vets & Gold Star Families **SB** _____
ANALYST Wan

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23		
	At least (\$130.0)	At least (\$130.0)	Recurring	State Parks Division Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$430.5	\$430.5	\$861.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)
 Department of Veterans' Services (DVS)

SUMMARY

Synopsis of Bill

House Bill 260 would require the Energy, Minerals and Natural Resources Department (EMNRD) to provide New Mexico residents who are veterans or members of gold star families with day-use passes for unlimited entry to state parks or other recreation areas operated by the State Parks Division of EMNRD. As defined in the bill, a member of a gold star family is "a surviving parent, spouse, child, or sibling of a service member killed in an armed conflict with an enemy of the United States."

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The operating budget of EMNRD's State Parks Division is supported by self-generated fees from day-use visitation, overnight camping, and concessions. Reducing the number of state parks visitors who pay a day-use fee or purchase an annual day use pass by providing free park passes to veterans and members of gold star families would reduce one of the division's revenue sources by an unknown amount, likely shifting expenditures to another funding source, such as the general fund. HB260 does not provide an appropriation to fund the cost of providing park passes to the identified individuals.

A state parks annual day-use pass costs \$40 and regular day-use fees are \$5 per day per vehicle at most parks (two parks assess day-use fees by individual). The combined annual revenue from day-use fees and annual passes averaged \$1.3 million between FY17-20. While an important revenue source, this amount is only 4.4 percent of the State Parks Division's FY21 operating budget.

The amount of revenue loss to the State Parks Division that would result from HB260 is impossible to calculate, as it would require knowing how much visitation revenue is currently attributable to veterans and members of gold star families. EMNRD does not collect demographic data to show the proportion of state park visitors who fall into either category. According to the Department of Veterans' Services (DVS), approximately 145 thousand veterans live in New Mexico, but the number of gold star family members is not known.

Veterans make up approximately 10 percent of the state's population. If veterans also account for 10 percent of state park visitors, providing free park passes to veterans could result in a revenue loss of \$130 thousand. However, it is not clear if the proportion of state park visitors who are veterans follows the proportion of veterans in the state population. There would be an additional revenue loss associated with park passes for gold star families, which cannot be estimated at this time due to lack of data on that population.

The State Parks Division is currently experiencing a significant revenue decline due to the temporary closure of parks during the Covid-19 pandemic, and further limiting revenue generation at this time may compound the budgetary strain on the division. Even though day-use fees and annual passes contribute only a small percentage of the division's revenue, EMNRD also anticipates HB260 would have a fairly significant operating budget impact. Due to the expected increase in visitors, the agency projects increased operating costs related to trash pickup, utility costs, facility maintenance, etc. The State Parks Division would have to revise and reprint its rules, signs, brochures, pamphlets, park pay stations, and other media as well. EMNRD estimates the additional operating budget impact associated with these increased services and changes would be approximately \$380 thousand per year. Combined with the projected revenue loss, the recurring negative resource impact on the State Parks Division could be more than \$500 thousand.

DVS currently certifies veteran status and disability rating for the existing State Park benefits available to veterans (see "Significant Issues" for more information). Assuming DVS will be the entity that certifies veteran and gold star family status for the free park passes provided by HB260, the agency anticipates a need for one new FTE to manage the increased number of applications to process and verify. DVS estimates increased recurring operating expenses of \$50.5 thousand annually associated with this additional FTE.

SIGNIFICANT ISSUES

The State Parks Division currently offers discounts to veterans per Section 16-2-7.1 NMSA 1978, which grants one free annual day-use pass and one free three-day camping pass per year to a veteran residing in the state who has a 50 percent or more disability rating. According to DVS, the number of New Mexico veterans eligible for this benefit is 21 thousand. In addition, disabled New Mexico residents and all New Mexico resident senior citizens can purchase an annual camping pass at a 46 percent discount.

ADMINISTRATIVE IMPLICATIONS

To administer HB260, veteran and gold star family status would need to be verified for the State Parks Division to be able to provide the park passes. This would increase administrative work for DVS and potentially EMNRD as well, depending on how the benefit is implemented and the division of responsibilities between the two agencies.

EMNRD further anticipates administrative implications related to an increase in the number of park visitors that would likely occur if significantly more New Mexicans receive free park passes. Increased visitation would require additional daily maintenance and upkeep at state parks to ensure cleanliness and availability and quality of park services.

CW/sb