

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment
Correction Substitute

Date 2/5/2024

Bill No: HB 48

Sponsor: M. McQueen; B. Tallman
Short Title: OIL AND GAS ROYALTY RATE

Agency Name and Code: DFA-341
Number: _____
Person Writing: Delgado L.
Phone: _____ Email: leonardo.delgado@dfa

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26	FY27	FY28		
			\$50,000	\$50,000	R	Land Grant
			Indeterminate but minimally negative	Indeterminate but minimally negative	R	Land Maintenance Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB28 amends the State Land Office (SLO) lease form setting the future royalty rate on future oil and gas development leases on State Trust Lands from a range of 3/16 (18.75%) to 1/5 (20%) to a range of 3/16 (18.75%) to 1/4 (25%).

FISCAL IMPLICATIONS

According to SLO, “estimates that the bill would eventually result in an average annual increase in revenue of \$50 - \$84 million from the bill’s royalty rate increase. This range reflects the amount of additional revenue that would be transferred to the Land Grant Permanent Fund (LGPF).” DFA concurs with this estimate.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS