

LFC Requester:	Gaussoin
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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{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 Jan 17, 2023

Bill No: SB9

Sponsor: Neville, Wirth **Agency Name and Code** NMED 667
Number: _____
Person Writing Shelly Lemon/John Rhoderick

Short Title: Legacy Conservation Fund **505-470-5018** **Email** Shelly.lemon@env.nm.gov
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
300,000.0	0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
\$300,000.0	35,000.0	36,000.0	Recurring	Conservation Legacy Permanent Fund
	0.0	30,000.0	Recurring	Land of Enchantment Legacy Fund

		Unknown	Recurring	Conservation Program Budgets Supported by Land of Enchantment Legacy Fund
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(Parenthesis () Indicate Expenditure Decreases)

Relates to: Senate Bill 9 and House Bill 2 of the 2023 Regular Session

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill (SB) 9 transfers \$300 million from the general fund to the Conservation Legacy Permanent Fund.

FISCAL IMPLICATIONS

The Conservation Legacy Permanent Fund (the “Permanent Fund”) is managed by the State Investment Council and provides distribution to the Land of Enchantment Legacy Fund (the “expendable fund”) depending on the value of earned interest on investments. Any money in the expendable fund provides predictable disbursements to specific conservation programs using the statutorily specified formula. Distributions are made in any year when there is fund balance in the expendable fund, while money in the Permanent Fund is allowed to grow.

A \$300 million transfer to the Conservation Legacy Permanent Fund will ensure solvency for the Land of Enchantment Legacy Fund so that each of the key existing conservation programs identified in the establishing legislation (i.e., SB 9 of the 2023 Regular Session) will receive stable funding into the future, a true conservation “legacy.” Stable and predictable funding means that the conservation programs can engage in longer-term project planning and development of contractor capacity to implement projects under this legislation.

SB9 would allow the Permanent Fund to grow more quickly from investment revenue and could provide gradual increases in transfers to the expendable fund and its distributions to the conservation programs it supports. In the 2023 session the legislature provided \$50 million to the Permanent Fund and \$50 million to the expendable fund. Pursuant to the existing statute, when the Permanent Fund balance exceeds \$150 million and investment revenue exceeded \$5 million in the previous fiscal year, investment revenue above \$5 million is transferred from the Permanent Fund to the expendable fund on July 1.

With SB 9’s transfer to the Permanent Fund and assuming 10% investment income the Permanent Fund would earn about \$35 million in investment income during FY25 and transfer \$30 million to the expendable fund on July 1, 2025. Depending on when that transfer is recognized in the expendable fund’s distribution to conservation programs, the increased revenue to the expendable fund would result in larger distributions to conservation programs in either FY26 or FY27. This includes NMED’s River Stewardship Program, which funds projects that contribute to river health and restoration to improve and maintain the quality of surface waters and riparian zones, helping with climate change resilience and lessening the risk of catastrophic wildfires and flooding.

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

Because the automatic distributions under SB 9 are to existing programs, the statutory authority and associated rules to review and approve projects for those programs already exist, so there is no additional burden on the agency in terms of needing to create additional administrative structures. The added work would be in terms of additional projects that could be processed, supported, and managed, which requires people and associated operational costs to implement the program and administer the funds.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If not acted upon, the Land of Enchantment Legacy Fund will only fund programs through FY 2028 before all funds are expended and the fund is bankrupt. Without additional appropriations, donations, or other funding sources, the fund will be fully expended and become non-recurring.

AMENDMENTS

None recommended.