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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/19/15

SPONSOR Ingle LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Military Base Office RFP SB 585

ANALYST Cerny

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$ 300.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Office of Military Base Planning and Support (OMBPS)

### SUMMARY

#### Synopsis of Bill

Senate Bill 585 appropriates \$300.0 thousand from the general fund to OMBPS for the purpose of directing the State’s Military Base Planning Commission to submit a request for proposal, and issue a contract, for the purposes of analyzing the advantages and disadvantages of the State of New Mexico as it relates to the national security objectives of the United States.

The analysis would include findings on a number of factors relating to base closings and the alignment of the state’s military installations and communities as they relate to the “military value criteria” that were used in the 2005 base closure and realignment process.

The bill requires a report to be completed by April 15, 2016, with distribution to various cited parties, and the findings made public.

### FISCAL IMPLICATIONS

The appropriation of \$300.0 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 16 shall revert to the general fund. It has no fiscal impact on the OMBPS.

This appropriation would be used to create a report for the OMBPS, yet the cost of the report

exceeds the entire annual budget for the OMBPS, which is \$200.5, including one FTE.

In FY 14 the agency was appropriated \$50.0 “to study, develop, and produce a NM military base value case statement and reference material. The OMBPS completed the Military Value Case Statement in spring 2014 and distributed copies to all members of the legislature in summer 2014. The \$50.0 added to the agency base has been retained in the budget.

Also in FY 14, the OMBP received \$500.0 appropriation from the contingency fund for expenditures in FYs 2014-2016 for “associated with the preservation of US military bases in NM contingent on the federal government announcing the commencement of a military base realignment and closure initiative.” This appropriation is due to expire in June 2016.

## **SIGNIFICANT ISSUES**

The OMBPS was created in 2003 pursuant to the Office of Military Base Planning and Support Act, Section 9-15-48 NMSA 1978 and is administratively attached to the Economic Development Department. The director of the office is appointed by the governor's homeland security adviser.

Like OMBPS, the Military Base Planning Commission (MBPC) is administratively attached to the Economic Development Department (EDD). The 17-member commission includes the lieutenant governor, the secretary of EDD, and 15 members from counties near New Mexico's four military bases appointed by the governor and approved by the Senate. The commission met three times in FY14.

The U.S. Department of Defense (DOD) proposed a round of base realignments and closures (BRAC) in 2015 due to excess infrastructure but recently revised the requested timeline to begin in 2017. Congress has not yet supported the BRAC request, which could further delay the start date. In anticipation of a future BRAC round, OMBPS is addressing military value issues in federal legislation proposed by DOD, including current and future mission capabilities of New Mexico's military installations. This work includes comparing the cost of operations at New Mexico's installations with those at other installations in the southwestern United States, reviewing the availability and condition of land and facilities, and determining the ability to meet potential new DOD force requirements.

OMBPS analysis states there are two substantive issues with the bill as written:

- 1) The bill levies the responsibility of administering this contract onto the MBPC, without its consultation. There are areas of the proposed analysis that duplicate areas that the Commission has expertise in and has previously conducted analysis, especially the bases' military value and economic impact within New Mexico. Consultation with the Commission would adjust the proposed report to be more representative of the Commission's requirements.
- 2) While the Commission meetings are public, information gathered and analyses conducted by the Commission relating to potential future Base Realignment and Closure (BRAC) may remain confidential. This legislation requires the report public release...of both the State's advantages and disadvantages. The Commission should carefully consider the implications of requiring the public release of sensitive BRAC analysis. When BRACs

occur, the states are in a very competitive environment. New Mexico does not need its competition fully aware of its vulnerabilities.

It also appears that some of the tasks outlined in the scope of work duplicate work that has been completed and/or is ongoing, such as the economic analysis.

The OMBPC would like to modify the scope of work and narrow it, so that it would provide exactly the information needed, as well as resulting in cost-saving. Maintaining confidentiality of the report is regarded as essential.

### **OTHER SUBSTANTIVE ISSUES**

A very similar bill, also appropriating \$300.0, was passed in the Colorado legislature (SB-14-157) and signed by the governor in 2014. It commissions a similar study and states:

At least twenty other states have conducted a statewide analysis of the strengths and opportunities that they offer to the department of defense as it implements its strategic plans over the next several years, and as many as fifteen more states are in the process of conducting such an analysis.

CAC/bb