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FISCAL IMPACT REPORT

SPONSOR SCONC **ORIGINAL DATE** 3/8/2019
LAST UPDATED 3/11/2019 **HB** _____

SHORT TITLE Create Outdoor Recreation Division **SB** 462/SCONCS/aSFC

ANALYST Martinez

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
	Indeterminate	Indeterminate	Recurring	Proposed equity grant program fund
	Indeterminate	Indeterminate	Recurring	Proposed special projects and outdoor recreation infrastructure fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)
 Tourism Department (TD)
 Department of Game and Fish (DGF)
 Cultural Affairs Department (DCA)
 Department of Transportation (DOT)
 State Land Office (SLO)
 Indian Affairs Department (IAD)

SUMMARY

Synopsis of Senate Finance Committee Amendment

The Senate Finance Committee amendment to the Senate Conservation Committee Substitute for Senate Bill 462 removes Section 9, "Appropriation," in its entirety, thereby removing the \$1.6 million general fund appropriation from the bill.

Synopsis of Original Bill

Senate Bill 462 appropriates \$1.5 million from the general fund to the Economic Development Department (EDD) for the creation and operation of the New Mexico outdoor recreation

division. SB462 also appropriates \$100 thousand for the New Mexico Youth Conservation Corps (YCC) commission to provide grants through the outdoor equity grant commission. SB462 creates an outdoor recreation advisory committee and a special projects and outdoor recreation infrastructure fund.

The duties of the outdoor recreation division include increasing outdoor based economic development, tourism and ecotourism in the State. The new division will promote stewardship and preservation of the state's environment and cultural assets, promote education and use of outdoor recreation assets to enhance public health. These duties will be supported by the TD, the Rio Grande Trail Commission, the State Parks Division of the Energy, Minerals, and Natural Resources Department (EMNRD), DGF, the DCA, the Indian Affairs Department, the Department of Health and the Department of Transportation (DOT).

SB462 creates an outdoor recreation advisory committee and defines its membership and duties. The director of the Outdoor Recreation Division, or the director's designee, shall serve as the chair of the committee. The committee shall be composed of no more than fifteen members appointed by the director of the Outdoor Recreation Division. The members of the committee shall include representatives of the outdoor recreation industry, the TD, the State Parks Division of the EMNRD, the DGF, the DCA, and the Indian Affairs Department (IAD),

SB462 creates a special projects and outdoor recreation infrastructure fund. The fund consists of appropriations, gifts, grants, donations, income from investment of the fund and money otherwise accruing to the fund. The fund is appropriated to the New Mexico outdoor recreation division for special projects and outdoor recreation infrastructure.

SB462 establishes an outdoor equity grant program fund administered by the New Mexico YCC. The competitive grants shall be awarded to applicants (county, municipality, political subdivision of the state, nonprofit, Indian nation, tribe or pueblo) for the sole purpose of funding outdoor recreation programs, in whole or in part, for youth up to the age of 18.

FISCAL IMPLICATIONS

Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

The EDD provided the following:

The bill does not define the number of FTE's it will take to staff the new division.

The DCA provided the following:

Increased visitation would constitute an increase in operational costs. Base increases would be absorbed by collected use fees. Expenses for infrastructure or site modifications would be determined on a case-by-case basis.

The IAD provided the following:

IAD will incur costs of staff time and performance as a member of the outdoor recreation advisory committee to support the New Mexico outdoor recreation division's mission. SB 462 falls in line with IAD's mission to support tribal communities' efforts to meet their challenges and expand their opportunities; leverage state resources to tribal benefit; and work to create vital relationships across state, tribal, philanthropic, educational and private sectors for the New Mexico Indian nations, tribes, and pueblos.

SIGNIFICANT ISSUES

The EDD provided the following:

The division's staff is not detailed in the bill. This needs to be determined. There are also many different entities who affect the overall mission of the newly created division. It is important to determine guidelines for each outside entity's collaboration and partnership with the new division. Alternative funding measures may be required to sustain the division, committee and fund.

The TD provided the following:

Outdoor recreation is a significant driver for the tourism industry in New Mexico. The 2017 Economic Impact of Tourism in New Mexico report from Tourism Economics shows that in 2017, visitors spent \$846 million on recreation, an increase of nearly 14 percent since 2011 and 13 percent of all direct visitor spending in New Mexico. Recreation visitor spending directly supported over 13,000 New Mexican jobs, 52.3 percent of all recreation jobs.

Outdoor recreation motivates travel to New Mexico. The Travel USA dataset from Longwoods International shows that in 2017, 7.7 percent of all overnight visits to New Mexico were for the main purpose of outdoor activities, compared to a US average of 6 percent. A total of 9 percent of all day trips were for the primary purpose of outdoor activities.

Visitors choose New Mexico, in part, due to its diverse outdoor recreation activities. Over 22 percent of overnight visitors to New Mexico visited a national or state park (compared to just 10 percent for the US average). The percent of visitors who hike or backpack in New Mexico (over 15 percent) is double the percent who hike or backpack at the national level (just over 7 percent). New Mexico outpaces the US average for visitor participation in all outdoor activities the TD currently tracks. This serves to highlight how important outdoor recreation is to the tourism industry in New Mexico, and how it can be leveraged as a unique tourism asset.

The DCA provided the following:

Within the context of the bill, direct impact on the Department of Cultural Affairs and the New Mexico Historic Sites Division would be a potential increase in visitation for individual historic sites and/or museums that would share in joint-programming efforts; would be located on or near outdoor recreational trails, paths or venues; and promoted

through Outdoor Recreation Division marketing.
The State Land Office (SLO) provided the following:

The SLO issues recreation access and educational access permits for the use of state trust lands upon payment of a fee. The SLO also has issued a number of business leases to communities and businesses that occupy and use state trust lands to provide outdoor recreation opportunities. Examples of outdoor recreation leases on state trust land include a lease to New Mexico State Parks for portions of five different state parks, leases to the cities of Hobbs, Silver City, and Ruidoso and to Santa Fe, San Juan, and Bernalillo Counties for community parks and open space, and a lease to the Blue Haven Youth Camp. Further, portions of New Mexico's top-tier hiking and backpacking trails such as the Continental Divide and the Rio Grande trails are on state trust land. Commissioner Garcia Richard is committed to expanding outdoor recreation opportunities on state trust land and, with nearly 9 million acres of surface estate managed, the examples cited represent just a degree of the overall potential.

To the extent that the bill enhances infrastructure associated with state trust land and increases interest and opportunities for recreation on state trust lands, the bill could increase the value of and income from state trust land. Commissioner Garcia Richard supports this legislation and the SLO is poised to benefit from the multitude of ways to collaborate with the Office of Outdoor Recreation and interested stakeholders.

The IAD provided the following:

New Mexico Indian nations, tribes, and pueblos have direct connection to their surrounding environment, landscape, natural resources, and homeland. In fact, Indian nations, tribes, and pueblos recognize the critical importance of protecting native customs, language, and traditions because of the direct connections to the land and natural resources. Impacts to the land and natural resources, due to human-caused changes, could impact those cultural resources. Therefore, opportunities for participation and consultation with Indian nations, tribes, and pueblos is key to support the mission of the New Mexico outdoor recreation division.

The IAD supports any efforts to enhance state and tribal collaboration. The State-Tribal Collaboration Act (Sections 11-18-1 through 11-18-5 NMSA 1978) provides a framework for collaboration with the Indian nations, tribes, and pueblos in the development and implementation of policies, agreements, and programs.

PERFORMANCE IMPLICATIONS

The DGF provided the following:

The Outdoor Recreation Division would provide a performance benefit to the Department. Nationally, hunting and angling participation has been on the decline for the past decade. Agencies like the DGF have recognized the factors contributing to the decline and have worked hard to reverse the trend. New Mexico is among a select few states that has been successful in increasing participation over the past several years.

Today, more than 160,000 anglers spend more than 2.4 million days fishing annually and

spend \$268 million on fishing related activities. There were also 87,600 hunters who spent 818,000 days hunting each year and spent more than \$345 million on hunting related activities. Combined that's over \$613 million contributed to the state's economy annually.

Much of this success can be attributed to the department's marketing, outreach and education efforts. Central to this has been a focus on engaging natural resource agencies, industry and non-profit conservation organizations in the effort. The department would welcome the addition of a new resource in the Outdoor Recreation Division to help continue the upward trend in hunting, fishing and outdoor recreation in New Mexico.

ADMINISTRATIVE IMPLICATIONS

The EDD provided the following:

There will be increased administrative responsibilities for the department to incorporate a new division, as well as the management and administration of a large advisory committee and infrastructure fund.

The CAD provided the following:

Enacting legislation and the implementation of associated programs would require Historic Sites staff time to coordinate programming and amending access routes and times; potentially modify existing visitor buildings or site infrastructure (i.e. for trail or path accesses or after-hours resources) and necessitate associated consultation with New Mexico Historic Preservation Division for potential impacts on historic structures and cultural landscapes; and necessitate increased services and associated facility operation expenses.

The SLO provided the following:

The bill directs various departments and agencies, including the SLO, to “work in conjunction with” the outdoor recreation division “to support the division's duties as they relate to the purposes of the respective departments and agencies.” To the extent that it imposes an obligation on the SLO, it could slightly increase certain administrative burdens, but is not expected to require an increase in personnel or budget.

The SLO is committed to expanding outdoor recreation opportunities on state trust land, and any investment of time and resources spent serving on the outdoor recreation advisory committee and otherwise working in conjunction with the outdoor recreation division would be good investments. We see great opportunity in cross-pollination and finding synergies around similar goals and duties of the state land office and outdoor recreation division.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The EDD provided the following:

The State may be foregoing an opportunity to enhance support for an industry that

currently generates significant revenue in state and local taxes and creates jobs. Annually, the outdoor recreation economy generates approximately \$9 billion in revenue, \$623 million in local and state taxes and employs approximately 100,000 New Mexicans.

Our neighbors in the southwest such as Colorado, Utah and California have recognized the necessity to allocate resources to establish offices of outdoor recreation and have had great success. New Mexico has natural and cultural resources, weather and public land accessibility to compete with these states in this critical industry sector while simultaneously stimulating economic growth throughout urban, rural and tribal communities of New Mexico.

The DGF provided the following:

The department will continue its successful efforts to increase hunting, angling and outdoor recreation participation in New Mexico as well as its efforts to develop partnerships with natural resource agencies, industry and non-profit conservation organizations.

JM/sb/al