

LFC Requester:

Helen Gaussoin

**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 01/17/2024

Bill No: SB 9

Sponsor: Steven P. Neville
Peter Wirth
Short Title: Conservation Legacy Fund

**Agency Name
and Code**

Number: _____

Person Writing Jeff Witte

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|------------------------------|------------------|
| FY24 | FY25 | | |
| NFI | NFI | N/A | N/A |
| NFI | NFI | N/A | N/A |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|-------|-------|---------------------------------|------------------|
| FY24 | FY25 | FY26 | | |
| \$0.0 | \$0.0 | \$0.0 | N/A | N/A |
| \$0.0 | \$0.0 | \$0.0 | N/A | N/A |

(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 | NFI | Minimal | Minimal | Minimal | N/A | N/A |

(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:

Senate Bill 9 (SB 9) transfers three hundred million dollars (\$300,000.00) from the general fund to the conservation legacy permanent fund.

FISCAL IMPLICATIONS

The fiscal implications to NMDA for FY25-28 would be minimal. For beyond FY28, the transfer of three hundred million dollars (\$300,000.00) to the conservation legacy permanent fund would maintain funding for NMDA’s conservation programs at a stable level from this fully endowed fund.

SIGNIFICANT ISSUES

In 2023, the New Mexico legislature passed 2023 Senate Bill 9 (2023 SB 9) to address the lack of consistent dedicated funding for state agency conservation programs. 2023 SB 9 established the conservation legacy permanent fund (permanent fund). When its balance reaches more than one hundred and fifty million dollars (\$150,000.00), the permanent fund will distribute annual investment income in excess of five million dollars (\$5,000.00) to the land of enchantment legacy fund (LOE legacy fund). The LOE legacy fund then makes annual distributions to agencies named in the legislation for existing conservation programs.

The New Mexico department of agriculture (NMDA) receives twenty-two and one-half percent (22.5%) of the annual distribution from the LOE legacy fund to carry out programs and projects pursuant to the Noxious Weed Management Act, the Healthy Soil Act and the Soil and Water Conservation District Act. Given an estimated annual distribution of at least twelve and half million dollars (\$12,500.0) from the LOE legacy fund, NMDA will receive an estimated two million eight hundred and twelve thousand dollars (\$2,812.5) per year for its conservation programs in FY25-28.

As an initial investment, the New Mexico legislature transferred fifty million dollars (\$50,000.0) to the permanent fund and fifty million dollars (\$50,000.0) to the LOE legacy fund in the General Appropriation Act of 2023. Without additional funding, however, the permanent fund's corpus is not large enough to provide the excess income needed to sustain the LOE legacy fund beyond

FY28. Following FY28, this shortfall would return state agency conservation programs to their pre-FY25 funding levels for the foreseeable future.

PERFORMANCE IMPLICATIONS

The increase to the permanent fund would provide NMDA with a stable funding source for its conservation programs beyond FY28 and allow NMDA to fulfill its statutory obligations more effectively in the long-term.

ADMINISTRATIVE IMPLICATIONS

There would be no additional administrative implications for NMDA.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB 9 is not enacted, the permanent fund would not be increased by three hundred million dollars (\$300,000.0). Without contributions from the permanent fund's excess income, the balance of the LOE legacy fund would run out after FY28. NMDA would only receive elevated funding levels to implement the Noxious Weed Management Act, Healthy Soil Act, and Soil and Water Conservation District Act from the LOE legacy fund through FY28, after which programs would return to previous funding levels.

AMENDMENTS

N/A