



State Land Trust

Public schools, universities, and the other public institutions that benefit from the state land trust receive hundreds of millions of dollars a year in income generated directly from state trust land and through the investment of the land grant permanent fund, the depository for certain trust land income. Each acre of the 9 million surface and 12.7 million subsurface rights in the land trust is designated to a specific beneficiary, with public schools benefiting from about 85 percent of both surface and subsurface acreage.

The Land

The federal Ferguson Act of 1898 and the Enabling Act of 1910, which allowed New Mexico to prepare to become a state, together granted 13.4 million acres of federal land – sections 2, 16, 32 and 36 of each 36-section, 36-square-mile township – to the New Mexico territory to be held in trust for specific beneficiaries. Where those lands belonged to a tribe or other owner, New Mexico was allowed to pick lands elsewhere. The act also provided the state with “quantity grants,” totaling about 5 million acres, to benefit specified universities, special schools, and other purposes. The Public Land Board, made up of the public lands commissioner, territorial governor, and territorial solicitor general, assigned each tract to a beneficiary. Trust land is not public land in the sense it is open to the public; rather it is land held in trust for beneficiaries.

The state land commissioner is responsible for maximizing the income for the trust. Although some acreage has been sold (creating the discrepancy between surface and subsurface rights and current and original totals), most land commissioners have managed the land to maximize revenue while maintaining the land for future revenue, sometimes trading but rarely selling acreage outright.

The Trust Beneficiaries

- Common (public) schools
- University of New Mexico
- New Mexico State University
- New Mexico Institute of Mining and Technology
- New Mexico Highlands University
- Eastern New Mexico University
- Western New Mexico University
- Northern New Mexico College
- Capital buildings
- Carrie Tingley Hospital
- Miners' Cofax Medical Center
- New Mexico Behavioral Health Institute
- New Mexico Military Institute
- New Mexico School for the Blind and Visually Impaired
- School for the Deaf
- Penitentiary of New Mexico
- Rio Grande improvements
- UNM saline lands
- Water reservoirs
- Children, Youth and Families Department
- Charitable, penal and reform (shared equally by Carrie Tingley Hospital, CYFD, Miners' Cofax Medical Center, Behavioral Health Institute, Penitentiary of NM, Youth Diagnostic and Development Center, and Los Lunas Community Program)

The Revenue

Revenues from nonrenewable use of the trust lands, such as the royalties from oil and natural gas extraction, are deposited into the permanent fund for the specific beneficiary of the land involved. Together, those permanent funds are known as the land grant permanent fund. Five percent of the five-year average of the total revenue in the land grant permanent fund, invested and managed by the State Investment Council, is distributed to the beneficiaries each fiscal year in proportion to their land share. As to be expected, the permanent school fund is the largest “sub-fund” of the land grant permanent fund.

Revenue from renewable resource uses, such as grazing, rights of way, commercial development leases, and bonuses paid to acquire oil and gas leases, are distributed through the land maintenance fund to the beneficiaries after the State Land Office covers its own expenses – which generally represent 2.5 percent of the earnings. While distributions from the maintenance fund typically total from \$50 million to \$70 million, the distributions from the permanent fund are in the hundreds of millions, with the figure consistently above \$500 million during the last decade and more than \$600 million during the last few years.

The State Land Office and State Investment Council make monthly payments to all the beneficiaries except the public schools. The distributions to the public schools are deposited into the common school fund, part of the general fund.

The oil and gas industry is by far the largest contributor to state trust land income, accounting for about 95 percent of all revenue. Grazing leases, representing less than 2 percent of revenue, are the second largest contributor.

For More Information:

- The State Land Office website is www.nmstatelands.org/
- The nonprofit Lincoln Institute on Land Policy, www.lincolninst.edu, studies state trust land and other land management issues. Information on the land grant permanent fund and its investment is available on the State Investment Council website at www.sic.state.nm.us/land-grant-permanent-fund.aspx