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FISCAL IMPACT REPORT

SPONSOR: HJC DATE TYPED: 03/06/01 HB 77/HJCS
 SHORT TITLE: Amend NM Subdivision Act SB _____
 ANALYST: Dotson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	None		None		None

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Department of Finance and Administration (DFA)
 Attorney General (AG)
 Energy Minerals and Natural Resources Department (EMNRD)
 Commissioner of Public Lands
 Department of the Environment (DOE)

SUMMARY

Synopsis of Bill

House Bill 77 revises the New Mexico Subdivision Act. The bill creates an additional exemption to the definition of "subdivision" that would preclude a County from regulating the division of land for oil and natural gas gathering, processing or transportation systems or for disposal of wastewater created during production or refining of natural gas, oil or other hydrocarbons.

According to the Attorney General, the proposed amendment to exemption 13 (NMSA 1978, §47-6-2(J)(13) appears intended to clarify the somewhat confusing language of the current exemption.

Significant Issues

According to Energy Minerals and Natural Resources Department, the bill may beneficially affect the state's oil and gas lessees. However according to the Attorney General, the principal issues raised by the bill are whether it is good public policy to weaken the Subdivision Act.

FISCAL IMPLICATIONS

An unspecified financial burden may impact Counties if development of newly created parcels results in demand for services.

TECHNICAL ISSUES

According to the Attorney General, the proposed language creating a new exemption for the creation of parcels that are used for facilities to process or transport oil and gas or dispose of wastewater created during the refining process is flawed because it does not contain any holding period or other restriction limiting the parcels to the uses contemplated by the exemption after they are divided. Without holding periods and restrictions, adding this exemption is an invitation to subterfuge.

OTHER SUBSTANTIVE ISSUES

No county has requested this legislation. Providing another exemptions takes away the ability of a county to determine which exemptions, if any, are appropriate. When land is divided and sold into separate ownerships, certain impacts are foreseeable. Roads must be built to access the divided parcels, provision must be made for water and for liquid and solid waste. Generally, these matters can most efficiently be addressed by the common owner before the land is divided and sold, and the divider/developer can pass the cost through to the lot purchasers. This is the result the Subdivision Act is designed to achieve.

POSSIBLE QUESTIONS

How can the interests of the oil and gas activities be balanced with the desire of the Counties to regulate development?

PD/njw:ar