

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/18/13
 SPONSOR Burt LAST UPDATED 02/20/13 HB _____
 SHORT TITLE NM Military Bases Value Case Statement SB 565
 ANALYST Clark

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$50.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of Military Base Planning and Support (OMBPS)

SUMMARY

Synopsis of Bill

Senate Bill 565 appropriates \$50 thousand from the general fund to the Office of Military Base Planning and Support (OMBPS) to study, develop, design, and produce a New Mexico military bases value case statement and reference material in anticipation of the federal base realignment and closure process.

FISCAL IMPLICATIONS

The appropriation of \$50 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 2014 shall revert to the general fund.

SIGNIFICANT ISSUES

The OMBPS reports neither the OMBPS nor the Military Base Planning Commission have a professionally prepared, comprehensive case statement of the military value of New Mexico's military installations. The Department of Defense (DOD) identified military value as the higher

priority criterion by which the DOD will identify military installations for closure or realignment. This is the latest definition of military value as described by the DOD in proposed federal legislation:

- “the current and future mission capabilities and the impact of operational readiness of the total force of the Department of Defense, including the impact on joint war fighting, training, and readiness;
- the availability and condition of land, facilities, and associate airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the armed forces in homeland defense missions) at both existing and potential receiving locations;
- the ability to accommodate contingency, mobilization, surge, and future total force requirements at both existing and potential receiving locations to support operations and training; and
- the cost of operations and the manpower implications.”

RELATIONSHIP

This bill relates to an appropriation in the General Appropriation Act. The OMBPS requested \$30 thousand for FY14 to provide assistance with military value issues for New Mexico’s military installations; the executive recommended \$30 thousand and the LFC recommended \$20 thousand. The additional \$50 thousand contained in this bill would enable production of a case statement, or professionally prepared document, which describes the value of these installations.

OTHER SUBSTANTIVE ISSUES

The OMBPS provides the following information regarding economic impact and base closures.

Economic impact:

The estimated economic impact of New Mexico’s military installations (DOD only) is approximately \$7.0 billion annually. This does not include the impact from Ft. Bliss in New Mexico, as data is not available. As an example, the Army’s modernization program for the Ft. Bliss Range complex (89 percent of Ft. Bliss is in New Mexico) is approximately \$500 million.

A 2004 New Mexico State University analysis regarding the economic impact of the four New Mexico installations; Cannon, Holloman, Kirtland, and White Sands Missile Range (WSMR); found that 12 percent of total employment in New Mexico can be traced to the state’s military installations. Additionally, one of 8.6 jobs can be traced to military spending, and one of 10 dollars can be traced to military spending.

Given the nature of the economic situation in New Mexico over the last several years, and recognizing military mission growth at Cannon Air Force Base and increased activity at WSMR, these ratios are undoubtedly more favorable currently.

Base Realignment and Closure (BRAC):

There have been five BRAC rounds: 1988, 1991, 1993, 1995, and 2005. The last four rounds of base closures were conducted under practically identical legislation. During 1995, Kirtland AFB was recommended for significant realignment. Following intense community and federal delegation involvement, the Air Force withdrew its recommendation. In 2005, Cannon AFB was recommended for closure. Given outstanding support from the New Mexico Legislature, the delegation, and eastern New Mexico community leadership, the Air Force/DOD recommendation was overturned. State and community experience from the 1995 effort was critical to this success. Further, the state and the Clovis community were intensely involved in working with the Air Force in identifying a new mission for Cannon.

A future BRAC round: the Secretary of Defense proposed legislation authorizing two rounds of base closures: 2013 and 2015, but the Congress did not support the proposal. Two weeks ago, the Secretary of Defense announced that the Pentagon is requesting a BRAC round as part of the 2014 DOD budget. It is expected that the request will be for a BRAC round in 2015. The rationale for a base closure round is that given current and expected reductions in force structure by the services, there will be excess DOD “infrastructure.”

The service that has been most outspoken in a request for a base closure round is the United States Air Force, and New Mexico has three Air Force installations.

Given past experience regarding base closures, local communities and state organizations are responsible for making the case to a BRAC commission that a base be removed from the list of recommended realignments or closures.