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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/14
SPONSOR Trujillo, J. **LAST UPDATED** _____ **HJR** 8

SHORT TITLE Disposal of Santa Fe Surplus Land **SB** _____

ANALYST Cerny

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY14	FY15	FY16		
	(\$36,468.0)		Recurring	State Parks Operating
	Indeterminate Significant		Nonrecurring	State Parks Operating

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)
 State Land Office (SLO)

SUMMARY

Synopsis of Bill

House Joint Resolution 8 authorizes the sale of state-owned property on East De Vargas Street in Santa Fe, New Mexico by the State Parks Division (SPD) of EMNRD. Sale of any state property involving a consideration of more than \$100 thousand requires ratification and approval by the legislature.

HJR 8 provides that the sale price be no less than the appraised market value and that the property shall be appraised by a licensed appraiser approved by the Property Tax Division of the Taxation and Revenue Department.

It further states that the General Services Department, Facilities Management Division shall determine whether a land grant has the first right of refusal to purchase the property. HJR 8 also requires that the property shall not be sold until the sale has been reviewed by the Capitol Buildings Planning Commission.

Any proceeds from the sale are appropriated to SPD.

FISCAL IMPLICATIONS

According to EMNRD analysis “This property is currently leased to private enterprise and is in the second year of a 25 year lease. The lease provides for annual rent of \$36,468 to SPD in years 1-5. In year six that amount increases to \$45,000. In years 7-25 the rent increases by three percent each year.”

Additionally, EMNRD analysis states “Sale of the property would result in a one-time, nonrecurring source of revenue. The amount of the sale would depend upon the appraised market value of the property.”

Therefore, proceeds from the sale of the property are indeterminate at this time, but they are likely significant. Loss and gain of revenue have been shown for FY15, but could occur in FY16 or later if the appraisal and sale take more than thirteen months to conclude. This could result in loss of rental income for two years or more.

HJR 8 requires that proceeds from the sale are appropriated to the EMNRD for state park and recreation uses consistent with Section 16-2-19, NMSA 1978 which states “such funds shall be used solely for the purpose of acquiring, developing, operating and maintaining state parks or recreation areas and maintenance, operation and expenditures of the state park and recreation division [state parks division] of the energy, minerals and natural resources department, the payment of traveling expenses and salaries of officers, park superintendents and employees and the retirement of state park and recreation bonds.”

SIGNIFICANT ISSUES

The property is located at 139-141 East DeVargas Street in Santa Fe and is a historic, “contributing” property subject to City of Santa Fe historic preservation standards.

The property had been used for many years by SPD for offices. However, in recent years, SPD consolidated its Santa Fe office space and the building is no longer being used as a state office. It is currently leased as office space to a private enterprise, Galisteo Street Inc. It is not known at this time whether the tenant(s) will remain in the building once it has been put on the market, whether they might be potential buyers, or how long the property will take to sell.

Currently lease of the property is providing annual revenue to the SPD, revenues that would be lost if the property is sold. However, such revenues might be offset by maintenance requirements of the historic building over time. SPD analysis did not indicate to what programmatic or other use the one-time infusion of revenue from sale of the property might be, nor whether such sale is anticipated in their agency plan.

However, LFC FY13 Report Card does indicate the need for new revenues, stating: “Inclement weather causing partial or full park closures resulted in the third straight year of decreased state park attendance. For the first time in ten years, the self-generated revenue per visitor decreased by 7.6 percent from the prior year. The program should look for new ways of creating revenue opportunities and seek operating cost efficiencies.”

ADMINISTRATIVE IMPLICATIONS

EMNRD analysis states: “If the State Parks Division proceeded to sell the property it would have administrative responsibilities related to closing the sale.”

CAC/svb