

LFC Requester:	Austin Davidson
-----------------------	------------------------

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}

Date Prepared: Jan. 17, 2025 *Check all that apply:*
Bill Number: HB 33 Original Correction
 Amendment Substitute

Sponsor: Rep. Debra M. Sariñana **Agency Name and Code** State Land Office - 539
Short Title: PROHIBIT NEW EMISSIONS IN HIGH OZONE COUNTIES **Number:** _____
Person Writing Sunalei Stewart **Phone:** 505-827-5755 **Email** sstewart@nmslo.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
None	None		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
None	None	Indeterminate but negative	Recurring	Land Grant Permanent Fund
None	Indeterminate but negative	Indeterminate but negative	Recurring	Land Maintenance Fund

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	None	None	None			

(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:

This bill would create a new section of the Air Quality Control Act (§ 74-2-1 et seq.) directing the Environment Department and local authorities established under the Act to prohibit the construction of a new source (as defined in existing law) relating to oil and gas production in a county where the Environmental Improvement Board or the local agency determines that emissions from sources in a county within the Environmental Improvement Board's jurisdiction or the local authority's jurisdiction cause or contribute to ozone concentrations in excess of the primary national ambient air quality standard for ozone as promulgated pursuant to the federal Clean Air Act or its subsequent amendments and successor provisions.

Under existing law, a "source" is "a structure, building, equipment, facility, installation or operation that emits or may emit an air contaminant."

The new prohibition would be effective July 1, 2025.

FISCAL IMPLICATIONS

The bill could under certain circumstances restrict new oil and gas activities. The State Land Office is unable to assess the number of, or nature of, the various types of activities that may be proposed at a future date that would be affected. That being the case, the State Land Office is also unable to assess what any future impact on oil and gas earnings might or might not be. To the extent a project does not move forward on state trust land that would have otherwise moved forward, there could be an impact on State Land Office earnings. Oil and gas operations on state trust land include royalties from oil and gas production, which are transferred to the Land Grant Permanent Fund, and rentals related to infrastructure and associated facilities and activities, which are distributed through the Land Maintenance Fund.

SIGNIFICANT ISSUES

A large portion of State Land Office revenue comes from oil and gas leases and royalties paid as a percentage of oil and gas produced or proceeds from the sale of oil and gas under those leases; about 35% of statewide oil and gas production takes place on state land. At the same time, oil and gas exploration and production on or near state trust lands, when not performed responsibly and in accordance with best practices, has the potential to contaminate state trust lands, water, and other resources, and harm individuals, wildlife, and nearby communities.

The risks that insufficiently managed oil and gas development poses to human health are significant and well-established in the scientific literature. Oil and gas operations are routinely linked to negative health impacts including asthma and other respiratory afflictions, cardiac disease, cancer, and pregnancy complications. Some of these negative effects are clearly

correlated with the proximity of oil and gas operations to schools and residences. In recognition of the particular risks that oil and gas development poses to children, Commissioner of Public Lands Stephanie Garcia Richard issued a moratorium on new oil and gas leasing on state trust lands located within one mile of schools in June 2023.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS