

LFC Requester:

Ismail Torres

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 03/4/2025

Check all that apply:

Bill Number: HB403

Original Correction
Amendment Substitute

Sponsor: Rep. Mark B. Murphy, Rep. Meredith A. Dixon, Rep. Rod Montoya, Rep. Elaine Sena Cortez, Rep. Jonathan A. Henry

Agency Name and Code Number: 305 – New Mexico Department of Justice

Person Writing

Analysis: J. Spenser Lotz

Short Title: Oil & Gas Fund Distribution & Uses

Phone: 505-537-7676

Email: legisfir@nmag.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(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						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Section 1 amends NMSA 1978, § 7-1-6.21 to streamline and increase the amount of the distribution under Section 7-1-6.20 paid to the oil and gas reclamation fund. The substitution provides specific, tiering percentages, scaling by 25% annually until 100% is reached in 2027.

Section 2 modifies NMSA 1978, § 70-2-38 to appropriate the entirety of the oil and gas reclamation fund to the oil conservation division (OCD) for the purposes of surveying, capping and remediating abandoned wells and production facilities. The substitution removes the 5% and/or \$40,000,000 limitation on how much of the fund may be used for this purpose. The bill removes the provision allowing the OCD to expend up to \$150,000 from the fund on energy education, and this substitution deletes a subsequent reference to energy education.

Section 3 sets the effective date as July 1, 2025.

FISCAL IMPLICATIONS

N/A.

SIGNIFICANT ISSUES

N/A.

PERFORMANCE IMPLICATIONS

N/A.

ADMINISTRATIVE IMPLICATIONS

N/A.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Related to HB 481, which would require owners and operators of wells to reimburse the state for the costs incurred associated with expenses like plugging abandoned wells and conducting environmental remediation.

Related to and conflicting with SB 519, which would immediately require a distribution to the fund equal to the net tax receipts attributable to the Oil and Gas Conservation Tax Act. SB 519 would also distribute the disbursed money differently.

TECHNICAL ISSUES

N/A.

OTHER SUBSTANTIVE ISSUES

N/A.

ALTERNATIVES

N/A.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

N/A.