

LFC Requester:

Austin Davidson

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: 2/21/2025

Check all that apply:

Bill Number: SB-519

Original Correction
Amendment Substitute

Sponsor: Sen. James Townsend, Sen. George Munoz

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

Person Writing

Short Title: Oil & Gas Reclamation Fund Changes

Analysis: Henry Chynoweth

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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

Synopsis: This bill adjusts the amount of money from the Oil & Gas Conservation Tax Act (“Conservation Tax”) to be allocated for the Oil and Gas Reclamation Fund (“the Fund”) and makes adjustments as to how much of this fund should be spent and for what purposes.

Section 1 of this bill amends Section 7-1-6.21 NMSA 1978 by deleting prior language determining how much of the Conservation Tax may be allocated for the Fund and replaces it with language allocating the total net receipts attributable to the tax imposed under the Oil and Gas Conservation Tax Act. This significantly increases the amount of money allocated to the Fund from the Conservation Tax.

Section 2 of this bill amends Section 70-2-38 NMSA 1978 by deleting and adding language in order to mandate that 40 million dollars or more be spent on identifying, plugging, and remediating abandoned oil well sites. This section also eliminates the portion of the fund previously allocated for supporting energy education throughout the state.

Section 3 of this bill sets its effective date at July 1, 2025.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

Language concerning energy education at Section 2(E) may be unnecessary because the bill would remove the energy education requirement from Section 2(B)(2).

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicate of HB 403.

TECHNICAL ISSUES

See above.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None.