



Aubrey Dunn, State Land Commissioner
State of New Mexico

FACT SHEET: Restoration and Remediation Fund Legislation

- The State Trust Lands Restoration and Remediation Fund is being proposed to ensure that State Trust Lands are protected and conserved for the benefit of future generations. If State Trust Lands are damaged and not restored or remediated, The Land Office will be unable to generate revenue for the trust beneficiaries. This proposed legislation will provide a recurring fund to remediate surface damages as well as restore our watersheds back to health.
- New Mexico State Land Commissioner Aubrey Dunn is proposing this legislation in response to a growing need for funds to address restoration and remediation projects on State Trust Lands, including spills of oil and produced water by Siana Operating LLC in Lea County; flood mitigation in the wake of the Moon Mountain fire near Ruidoso; the restoration of Bluewater Creek in Cibola County; and the clean-up of caliche pits that have been used as illegal dumping sites across southeastern New Mexico's Oil Patch.
- The legislation would divert one percent of incoming Land Maintenance Fund revenue – the source of the Land Office's operating budget – to a new fund specifically dedicated to restoration and remediation efforts. Land Maintenance Fund revenues are generated through renewable sources such as grazing fees, rights-of-way and business leases. Oil, gas and mineral bonuses also contribute to this fund. The Land Office does not receive any General Fund dollars. Land Office operating expenses are approved by the Legislature and paid from revenue collected in the fund, and the balance is distributed proportionately to State Trust Land beneficiaries.
- The Land Grant Permanent Fund, which is set aside for the benefit of public education and is funded by the extraction of non-renewable resources including oil and gas, would not be affected by this legislation.
- Money in the proposed restoration and remediation fund that exceeds a \$5 million cap will be distributed to State Trust Land beneficiaries according to existing allocations. Subject to legislative appropriation, the Land Commissioner will be able to use the fund to authorize contractual surface damage and watershed restoration and remediation projects on State Trust Lands. In FY 2016, the Land Maintenance Fund generated revenues of \$75.7 million. Based on that level of income, \$757,000 would have been set aside for restoration and remediation had this proposed fund been in place at the time.
- There is currently no fund in place for restoration or remediation efforts on State Trust Lands; the agency has historically sought annual appropriations from the Legislature to fund such projects. Prior to developing this legislation, the Land Office researched a variety of other avenues to fund such efforts – including a review of the agency's bonding procedures. However, changes to these procedures would have been complex and required the modification of several state statutes. The decision to pursue a new restoration and remediation fund essentially creates a new "bucket" to capture a small portion of income to the Land Maintenance Fund, an existing revenue stream.
- This proposal is straightforward and will set aside much-needed resources to address the remediation of surface damages and the restoration of critical watersheds on State Trust Lands. Through restoring and remediating State Trust Lands, the Land Office will be able to continue to generate revenue for our trust beneficiaries – primarily the public school children of New Mexico – for generations to come.