

HOUSE HEALTH AND GOVERNMENT AFFAIRS COMMITTEE SUBSTITUTE FOR
HOUSE BILL 607

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

AN ACT

RELATING TO STATE LANDS; ESTABLISHING REQUIREMENTS FOR THE
COMPENSATION OF CERTAIN LESSEES FOR IMPROVEMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 19-7-14 NMSA 1978 (being Laws 1963,
Chapter 237, Section 1) is amended to read:

"19-7-14. [~~OWNER OF IMPROVEMENTS COMPENSATED BY PURCHASER
OR BY SUBSEQUENT LESSEE~~] COMPENSATION FOR IMPROVEMENTS.--

A. Except as provided in Subsection B of this
section, whenever any state lands are sold or leased to a
person other than the holder of an existing surface lease and
upon which lands there are improvements belonging to such
lessee or to another person, the purchaser or subsequent
lessee, as the case may be, shall pay to the commissioner of
public lands for the benefit of the owner of the improvements

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1 the value [~~thereof~~] of the improvements as determined by an
2 appraisal made by the commissioner [~~of public lands~~]. In lieu
3 of such payment, a subsequent purchaser or lessee may file with
4 the commissioner a bill of sale or waiver of payment signed by
5 the owner of the improvements.

6 B. For a business lease obtained through
7 competitive bid and entered into by the commissioner for
8 planning and development purposes, the lease shall contain
9 provisions governing the compensation for improvements pursuant
10 to the following provisions:

11 (1) the provisions of Subsection A of this
12 section, Sections 19-7-15 through 19-7-18 NMSA 1978 and Section
13 19-7-51 NMSA 1978 shall apply to the lease only to the extent
14 that the lessee may be liable under those provisions for the
15 value of improvements that have been placed on the property
16 prior to the effective date of the business lease for planning
17 and development, but those provisions shall not otherwise be
18 applicable to any improvements; and

19 (2) in addition to fixed periodic lease
20 payments, the lease may provide for gross profits from the
21 development to be allocated between the commissioner and the
22 lessee pursuant to terms established in the lease; provided
23 that:

24 (a) the fair market value shall be
25 determined by an appraisal;

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1 (b) in no event shall a lease provide
2 for a lessee to receive more than twenty-five percent of the
3 gross profits from the development;

4 (c) all appraisals required by this
5 section shall be conducted in full compliance with the current
6 edition of the uniform standards for professional appraisal
7 practice; and

8 (d) as used in this paragraph, "gross
9 profits" means the selling price less the appraised value of
10 the land at the time of the initial lease."

11 Section 2. TEMPORARY PROVISION--EFFECT UPON EXISTING
12 LEASES AND RENEWAL OF EXISTING LEASES.--The provisions of
13 Subsection B of Section 19-7-14 NMSA 1978 shall not:

14 A. affect the validity of any lease issued by the
15 commissioner of public lands prior to July 1, 2009; or

16 B. apply to the renewal, after July 1, 2009, of a
17 lease initially issued prior to July 1, 2009.

18 Section 3. EFFECTIVE DATE.--The effective date of the
19 provisions of this act is July 1, 2009.

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