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FISCAL IMPACT REPORT

ORIGINAL DATE 02/06/12

SPONSOR Campos LAST UPDATED _____ HB _____

SHORT TITLE Land Office Tree Density Reduction SB 244

ANALYST van Moorsel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
\$890.0		Nonrecurring	State Lands Maintenance Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
(\$780.0)			Nonrecurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Commissioner of Public Lands

SUMMARY

Synopsis of Bill

Senate Bill 244 appropriates \$890,000 from the state lands maintenance fund to the State Land Office (SLO) for expenditure in FY12 and FY13 to reduce the high levels of fuel and tree densities that can fuel wildfires on state trust land.

FISCAL IMPLICATIONS

Revenue to the state lands maintenance fund comes from earnings due to lease bonus sales, rentals and interest from the land office maintenance fund. Surplus balances of the maintenance fund are distributed to 21 beneficiaries, including public schools, and these allotments are an important revenue source for the receiving entities. The public school beneficiary distribution is

made to the common schools fund, which is a part of the general fund. Because the appropriation in SB244 revenue comes from the maintenance fund, the higher the SLO appropriation, the lower the balance that can be distributed to the beneficiaries, including the general fund.

In FY11 the distribution from the maintenance fund totaled \$74.6 million, of which \$65.6 million (87.9%) was distributed to the common schools fund. Assuming this percentage of fund ownership for FY12 and FY13, the appropriation in SB244 could result in a reduction to general fund revenue of approximately \$780,000.

The SLO notes that the funding will be spent by hiring contractors to conduct forest thinning treatments based on site-specific prescriptions, and that thinning rates vary between \$500 and \$1,500 per acre depending on density, slopes, and access.

The appropriation of \$890,000 contained in this bill is a non-recurring expense to the state lands maintenance fund. Any unexpended or unencumbered balance remaining at the end of FY13 shall revert to the state lands maintenance fund.

SIGNIFICANT ISSUES

According to the SLO, the proposed fuels reduction projects will reduce high levels of fuels/tree densities and the risk of catastrophic fire on state trust land where there is a significant risk of wildland fire near communities in the wildland-urban interface.

SLO adds that the treatment prescription will vary depending on forest density, species composition, proximity to urban areas, and specific fuels reduction objectives. A prescription in ponderosa pine would reduce smaller diameter trees that act as “ladder fuel” into canopies of larger trees, while retaining larger, fire resilient trees. Proposed locations of fuel reduction projects include Angel Fire, Black Lake, Ruidoso, Silver City, and East Mountain communities.

PERFORMANCE IMPLICATIONS

The SLO states that the bill could positively affect its performance measures, as the projects could increase the result for the measure of the number of acres restored to desired conditions for future sustainability.

ADMINISTRATIVE IMPLICATIONS

The SLO notes that it is prepared and able to expend the funds and effectively manage projects, adding that it has prioritized projects according to wildland-urban interface criteria to reduce the risk of catastrophic wildfire and improve public safety and forest health.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The SLO notes that not performing fuel reduction could result in continued and incrementally increasing risk of adverse catastrophic fire impacts to communities and state trust land, which could cause reduced ecosystem function and resiliency, and potential long term reductions in revenue for beneficiaries. Additional values at risk of fire damage include water quality, biological diversity, critical wildlife habitat, and cultural resources.