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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/10/15  
**LAST UPDATED** 2/18/15      **HB** 291/aHAWC

**SPONSOR** Herrell

**SHORT TITLE** NM Federal Land Management Study Commission      **SB** \_\_\_\_\_

**ANALYST** Armstrong

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See fiscal implications	See fiscal implications	See fiscal implications	Non-recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB 483  
 Relates to SM 6

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)  
 State Land Office (SLO)  
 Department of Cultural Affairs (DCA)  
 Indian Affairs Department (IAD)  
 Tourism Department (TD)

#### Responses Not Received From

Department of Finance and Administration (DFA)  
 New Mexico Association of Counties (NMAC)

### SUMMARY

#### Synopsis of HAWC Amendment

The House Agriculture, Water and Wildlife Committee amendment to House Bill 291 removed the original bill's \$100 thousand nonrecurring general fund appropriation to pay the costs associated with the requirements the bill places on the New Mexico Federal Land Management Study Commission. Costs associated with the commission's work would be absorbed by agency operating budgets.

Synopsis of Original Bill

House Bill 291 creates the 17-member New Mexico Federal Land Management Study Commission and appropriates \$100 thousand from the general fund to the Legislative Council Service (LCS) to pay the costs associated with the commission's required activities. These duties include meeting regularly and studying options to transfer: (1) federal lands to the state; (2) state and federal lands to Indian nations, tribes, and pueblos; and (3) state and federal lands to the state's land grants. Additionally, the commission is tasked with studying possible land exchanges between the federal and state governments. Finally, the bill requires the commission to report to the Legislative Finance Committee and other interim committees with a progress update in 2015 and a final report by the end of 2016.

**FISCAL IMPLICATIONS**

The appropriation of \$100 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY17 shall revert to the general fund. However, it is unlikely that this appropriation is adequate to cover the costs of the bill, including use of LCS and SLO staff and mileage and per diem reimbursements for commissioners and staff. Moreover, the additional operating cost to state agencies, including but not limited to LCS and SLO, is unknown due to the uncertainty regarding the amount of time state employees or contractors would need to dedicate to the commission's work.

**SIGNIFICANT ISSUES**

While there is the potential for both increased revenue and increased costs to the state resulting from a transfer of federal lands, HB 291 only calls for the study of such a transfer. Some agency analysis attempted to quantify the fiscal costs and benefits of transferring federal lands to the state, but HB 291 merely requires the study of such transfers among others and this bill alone will not result in additional revenue to the state and does not require the state to take on the costs of taking title to and managing federal lands.

It is inherently difficult to compare the cost of land management between state and federal governmental agencies, given the differences in operations and regulatory responsibilities of such agencies and the types of land managed. IAD analysis notes if this study determines the transfer of federal lands to the state is beneficial and cost effective, there is still concern whether the state can adequately manage the newly acquired land.

New Mexico's State Land Office (SLO) manages 13 million acres of subsurface and 9 million acres of surface lands with an annual budget of approximately \$14 million and 150 FTE. According to the federal Natural Resources Conservation Service, federal land in New Mexico totaled 26 million acres in 1997.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 483 duplicates the substantive provisions of HB 291, but does not include an appropriation to support the work required of the commission.

Senate Memorial 6 requests the Local Government Division (LGD) of the Department of Finance and Administration (DFA) to convene stakeholders to: study and make

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recommendations on the legal, economic, and practical framework surrounding federal land management; conduct an inventory of federal land ownership within the state; evaluate state and county dependence on federal revenue streams; and consider not only state interests, but also the interests of local governments and community economies in any economic analysis.

JA/aml/bb