F I S C A L   I M P A C T   R E P O R T

SPONSOR Gallegos, DM **ORIGINAL DATE** 02/16/15 **LAST UPDATED** **HB** HM 16

SHORT TITLE Veto Certain Capital Outlay & Use For Roads **SB**

ANALYST Cerny

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	**FY16**	**FY17**		
	(Indeterminate)	(Indeterminate)	Recurring	

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to SB 184

SOURCES OF INFORMATION
LFC Files

Responses Received From
Energy, Minerals and Natural Resources Department (EMNRD)
State Land Office (SLO)

No Response Received
Department of Finance and Administration (DFA)
Office of the Attorney General (AGO)

SUMMARY

Synopsis of Bill

House Memorial 16 requests that the Governor veto all capital appropriations to counties that ban or severely restrict oil and gas exploration and then, in future executive branch capital requests, the Governor is requested to prioritize an equal amount of money for statewide highway improvements.

FISCAL IMPLICATIONS

HM 16 carries no appropriation.

SLO analysis states:

> If counties place moratoriums on or ban drilling, there could be an impact on future revenues for the State Land Office. The amount of revenue that would be affected is not quantifiable at this time.

SIGNIFICANT ISSUES

The primary goal of HM 16 is to request that the Governor veto all capital appropriations to counties that ban or severely restrict oil and gas exploration and then, in future executive branch capital requests, it requests the Governor to prioritize an equal amount of money for statewide highway improvements.

HM 16 does not list the counties that ban or severely restrict oil and gas development. Several counties have now enacted ordinances that regulate oil and gas activities including Santa Fe, San Miguel and Rio Arriba Counties.

Only one county, Mora, banned oil and gas development and that ban was overturned by a recent federal court decision in SWEPI, LP v. Mora County. SWEPI found that an ordinance that prohibits oil and gas development conflicts with state law and is therefore preempted. However, SWEPI also followed the earlier New Mexico decision on County regulation of mining, San Pedro Mining v. Santa Fe County, 1996-NMCA-002, and found that there is room for concurrent regulation of oil and gas by a county in areas not addressed by state law and regulation.

SLO analysis states "The state land office (SLO) derives at least 95 percent of its revenue from oil and gas leasing, and thus has a substantial interest in the ability of oil and gas producers to operate free of unreasonable and unduly burdensome regulation."

RELATIONSHIP

HM 16 relates to SB 184 No STB Projects in Certain Counties which seeks to establish an administrative process to determine when local ordinances add 25 percent or more to the cost of drilling and operating a well. If that threshold is reached, then severance tax bonds for projects in that jurisdiction would not be issued or sold by the State.

CAC/bb