

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Ezzell ORIGINAL DATE 1/17/17
 LAST UPDATED 3/14/17 HB 24/aHAFC

SHORT TITLE State Trust Lands Restoration Fund SB _____

ANALYST Armstrong

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
\$578.8	\$578.8	\$578.8	Recurring	State Trust Lands Restoration Fund
(\$478.2)	(\$478.2)	(\$478.2)	Recurring	Common School Income Fund / General Fund*
(\$100.6)	(\$100.6)	(\$100.6)	Recurring	Other Trust Land Beneficiaries' Current Income Funds (see attachment)

(Parenthesis () Indicate Revenue Decreases)

*The common school income fund is considered a component of the general fund, so this bill has a negative general fund impact

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (AGO)
 Office of the State Engineer (OSE)
 New Mexico State University (NMSU)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment adds a provision requiring SLO to pursue the cost of remediation projects from any otherwise liable party under state law.

Synopsis of Bill

House Bill 24, endorsed by the interim Water and Natural Resources Committee, creates the State Trust Lands Restoration and Remediation Fund (STLRRF) to administer contractual surface damage and watershed restoration and remediation projects on state trust lands. The bill directs one percent (1.0%) of state trust land revenues that are not required to be transferred to any beneficiaries' permanent fund to the STLRRF. HB24 provides that funds in the STLRRF in excess of \$5 million be distributed to state trust land beneficiaries in the same manner as distributions of the State Lands Maintenance Fund. The STLRRF is subject to legislative appropriation.

FISCAL IMPLICATIONS

While nonrecurring revenues, such as oil and gas royalties, are deposited in the Land Grant Permanent Fund, recurring revenue from state trust lands, including bonus payments from lease sales and monthly lease payments, are deposited in the State Lands Maintenance Fund. This fund supports State Land Office operations and the balance is distributed to beneficiaries at the end of each fiscal year. HB24 directs 1 percent of these revenues be deposited in the STLRRF.

For FY16, trust beneficiaries received a total of \$57.9 million from State Lands Maintenance Fund distributions (See Attachment A). Over 80 percent of this total went to the common schools beneficiary, funds that revert to the general fund. If HB24 was in effect, 1 percent, or \$578.8 thousand, of FY16 State Lands Maintenance Fund revenue would have been deposited in the STLRRF, including \$478.2 thousand that was reverted to the general fund from the common schools beneficiary of state trust lands.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

JA/jle/sb

**FY 2016 Beneficiary Share of State Lands
Maintenance Fund Revenue**

Beneficiary	Distribution	1%
Common Schools	\$ 47,817,852	\$ 478,179
University of New Mexico	\$ 720,361	\$ 7,204
University Saline Lands	\$ 3,639	\$ 36
New Mexico State University	\$ 718,585	\$ 7,186
Western New Mexico University	\$ 70,662	\$ 707
New Mexico Highland University	\$ 70,883	\$ 709
Northern New Mexico Community College	\$ 40,021	\$ 400
Eastern New Mexico University	\$ 98,597	\$ 986
New Mexico Institute of Mining & Technology	\$ 346,540	\$ 3,465
New Mexico Military Institute	\$ 272,522	\$ 2,725
New Mexico Boys School (CYFD)	\$ 32,042	\$ 320
New Mexico Miners' Colfax Medical Center	\$ 196,845	\$ 1,968
Las Vegas Medical Center	\$ 622,929	\$ 6,229
New Mexico Penitentiary	\$ 1,098,242	\$ 10,982
New Mexico School for the Deaf	\$ 1,960,330	\$ 19,603
New Mexico School for the Blind & Visually Impaired	\$ 1,964,339	\$ 19,643
Charitable, Penal & Reform	\$ 226,013	\$ 2,260
Water Reservoirs (OSE)	\$ 747,611	\$ 7,476
Rio Grande Improvements (OSE)	\$ 90,505	\$ 905
Public Buildings	\$ 763,249	\$ 7,632
Carrie Tingley Children's Hospital	\$ 18,973	\$ 190
State Parks Division	\$ -	\$ -
Total	\$ 57,880,740	\$ 578,807

Source: State Land Office