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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/2020

SPONSOR Townsend LAST UPDATED _____ HJR 4

SHORT TITLE Eddy County Land Sale SB _____

ANALYST Hawker

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY20	FY21	FY22		
\$354.7	\$0.0	\$0.0	Nonrecurring	Pecos River Basin Land Management Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

SUMMARY

Synopsis of Bill

House Joint Resolution 4 provides for the ratification and approval of the sale of a tract of land in Eddy County by the Interstate Stream Commission (ISC) to a private buyer selected by competitive sealed bid for the amount of \$354.7 thousand. The land in question has been appraised for \$195 thousand. Revenue from the sale shall be deposited into the Pecos river basin land management fund.

There is no effective date on this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

Sale of the tract of land will result in revenues of \$354.7 which will be deposited into the Pecos river basin land management fund. Money in the fund shall not revert to any other fund at the end of a fiscal year.

SIGNIFICANT ISSUES

Section 13-6-2 NMSA 1978 provides for the sale of real property by competitive sealed bid, public action or negotiated sale to a private person or other entities. Section 13-6-3 NMSA 1978 provides that any sale of real property belonging to a state agency for \$100 thousand or more is subject to ratification and approval by the Legislature prior to becoming effective.

Section 72-1-2.5 NMSA 1978 provides the Pecos river basin fund is appropriated to the ISC to manage augmentation well fields in the lower Pecos river basin.

According to OSE:

Under the 2003 Pecos River Settlement Agreement and NMSA 1978, § 72-1-2.2 (2002), the New Mexico Interstate Stream Commission (“NMISC”) purchased farmland within the lower Pecos River Basin (including approximately 4,500 acres within the Carlsbad Irrigation District) in order to dry the land and reduce depletions from the Pecos River to ensure compliance with the Pecos River Compact.

Under § 72-1-2.6 (2008), the legislature authorized the NMISC to sell the lands it had purchased to private owners, subject to negative easements restricting the use of water on the lands. The NMISC seeks to sell the parcel at issue in this Joint Resolution back to private ownership.

The parcel consists of approximately 35.47 acres of former farmland, located a short distance southeast of the City of Carlsbad. Pursuant to statute, the land will be sold with a negative easement preventing the purchaser from using water on the land unless the buyer transfers valid, existing water rights onto the land from a different parcel.

VKH/al