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FISCAL IMPACT REPORT

SPONSOR Nibert ORIGINAL DATE 1/30/2021
LAST UPDATED _____ HB 136
SHORT TITLE Oil & Gas Subdivision Parcels SB _____
ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Attorney General (NMAG)

No Response Received
New Mexico Counties (NMC)
Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

HB136 amends the New Mexico Subdivision Act to except “the division of land for oil or gas operations” from the definition of the term “subdivision.”

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

FISCAL IMPLICATIONS

HB136 will not fiscal impact on state agencies or revenues.

SIGNIFICANT ISSUES

A “subdivision” is the division of surface land in to two or more parcels for the purpose of sale, lease, conveyance, or development. NMAG noted subdividing land has many procedural steps:

creating a surveyed and certified final plat, affirmation, board of county commissioners' approvals, filing with the county clerk, and parcel marked with metal stakes. HB136's intent is to, presumably, remove these procedural requirements for those who wish only to conduct oil or gas operations on land.

The existing law currently excepts mineral right sub-surface severances from the New Mexico Subdivision Act.

OTHER SUBSTANTIVE ISSUES

NMAG further noted HB136 removes some oversight authority of local boards of county commissioners over the respective oil or gas operations within their counties.

NMAG went on to explain that boards of county commissioners, which have promulgated subdivision regulations, may be impacted by the passage of HB136, which could also thwart the intent of HB136 for a period of time. Section 47-6-10(A) of the New Mexico Subdivision Act requires that, before any regulation can be changed, the board of county commissioners must "consult with representatives of the office of the state engineer, the department of environment, the cultural affairs department, all soil and water conservation districts within the county, the department of transportation and the attorney general about the subjects within their respective expertise for which the board of county commissioners is considering promulgating a regulation." Additionally, Section 47-6-10(B) requires that a "regulation may not be adopted, amended or repealed until after a public hearing held by the board of county commissioners."

Thus, if HB136 becomes law, NMAG concluded there may be a period of time tht the regulations of the boards of county commissioners regarding subdivisions lag behind the statutory mandates, which could create confusion and inefficiencies in regards to the oil and gas operators whose procedural requirements relating to land subdivision may change.

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