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FISCAL IMPACT REPORT

SPONSOR <u>Sariñana/Lujan</u>	LAST UPDATED _____
	ORIGINAL DATE <u>1/23/25</u>
	BILL
SHORT TITLE <u>Amending Oil Conservation Division</u>	NUMBER <u>House Bill 34</u>
	ANALYST <u>Davidson</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EMNRD	No fiscal impact	\$0 to \$1,200	\$0 to \$1,200	\$0 to \$2,400	Recurring	General Fund
Total	No fiscal impact	\$0 to \$1,200	\$0 to \$1,200	\$0 to \$2,400	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of House Bill 34

House Bill 34 (HB34) changes the statute governing the Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department (EMNRD), adding language that would require OCD to protect the state’s public health and environment.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

By adding “protect public health and the environment” to the duties of OCD, HB34 adds a new level of work to the division. The bill also removes an element of flexibility from OCD’s operations by changing “is hereby empowered and it is its duty to” to “shall” in the division’s statutory language.

The fiscal impact of HB34 would come from adding new levels of environmental and health review to the OCD’s existing review process. This new review process would potentially duplicate work that the Air Quality Bureau of the New Mexico Department of Environment is

already tasked with doing. However, this duplication is not guaranteed, due predominantly to the fact that the bill does not specify what it means by “public health” or “environment” or how OCD would further protect both. EMNRD notes that, if the intent of the language in the bill is to add an additional level of environmental and health review on top of OCD’s current review process, this bill could create significant burdens on staff time and agency resources. EMNRD did not quantify the budgetary impact of an additional level of review. Legislative Finance Committee staff estimate that, if the language did require OCD to add an additional level of environmental and health review, OCD would need 10 additional FTE, increasing division staffing costs by approximately \$1.2 million.

SIGNIFICANT ISSUES

EMNRD notes that HB34’s lack of definitions for “public health” or “environment” creates uncertainty as to how existing OCD operations should be modified to meet the intentions of the bill.

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