

<b>LFC Requester:</b>	<b>Jonas Armstrong</b>
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**AGENCY BILL ANALYSIS  
2017 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

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*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Check all that apply: Date 3/6/2017  
**Original**        **Amendment**        **Bill No:** HB24/aHAFC  
**Correction**        **Substitute**   

**Sponsor:** Rep. Candy Spence Ezzell    **Agency Code:** 924  
**Short Title:**    STATE TRUST LANDS RESTORATION FUND    **Person Writing:** Aguilar/Rael  
**Title:**    RESTORATION FUND    **Phone:** 505-827-6519    **Email:** Paulj.aguilar@state.nm.us

**SECTION II: FISCAL IMPACT**

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
579.0	579.0	579.0	Recurring	State Trust Lands Restoration Fund
(486.4)	(486.4)	(486.4)	Recurring	Common Schools Fund
(92.6)	(92.6)	(92.6)	Recurring	Other Beneficiaries

(Parenthesis ( ) Indicate Expenditure Decreases)

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis of the HAFC Amendment

The House Appropriations and Finance Committee Substitute for House Bill 24 provides that for any expenditure made from the state trust lands restoration and remediation fund, the commissioner shall attempt to recover the costs of remediation projects from any person who

may otherwise bear liability for that remediation project under the Voluntary Remediation Act, the New Mexico Act, the Surface Mining Act, the Oil and Gas Act, the Water Quality Act, the Solid Waste Act or the Hazardous Waste Act.”

### **Fiscal Implications of the HAFC amendment**

The HAFC amendment to HB-24 has the potential to generate funds for the State Lands Restoration and Remediation Fund and consequently for the Land Grant beneficiaries if recouped funds keep the level of the fund at a level where the intercept of funds from the State Lands Maintenance Fund does not take place. The amount is indeterminate but could be significant if the Land Office is aggressive in recouping these funds.

Synopsis of the Original Bill: House Bill 24 is related to public lands, proposes to create a new State Trust Lands Restoration and Remediation Fund and makes an appropriation to the fund by intercepting revenues to the State Lands Maintenance Fund.

### **FISCAL IMPLICATIONS**

House Bill 24 provides for the creation of the State Trust Lands Restoration and Remediation Fund and provides for the State Land Office to administer contractual surface damage and watershed restoration and remediation projects on state trust lands.

The bill provides for intercepting 1 percent of state trust land revenues destined for the State Land Maintenance Fund and appropriates these funds to the new fund.

The bill creates a threshold of \$5 million above which funds would be distributed to beneficiaries in the same manner as the State Lands Maintenance Fund. .

### **SIGNIFICANT ISSUES**

Distributions from the Land Grant Permanent Fund are dedicated to about 22 beneficiaries statewide, the largest being the Common Schools. For FY16, trust beneficiaries received a total of \$57.9 million from State Lands Maintenance Fund distributions. Just over 84 percent was transferred to the Common Schools Fund, a fund that is contained within the General Fund and used to fund public education.

Provisions contained in this bill would divert about \$486 thousand annually from the General Fund dedicated for public education to be used for surface damage and watershed restoration and remediation projects on state trust lands.

State trust lands exist throughout the state and this funding could be effective in mitigating some of the damage that occurs from severing minerals from subsurface areas that often manifests itself on surface acreage. Remediating this damage could make lands more valuable for ongoing revenue activities, resulting in added benefit to the common schools.

### **AMENDMENT**

The Appropriations and Finance Committee has recommended at Do Pass with an amendment to HB 24. The most significant change is the added language:

“For any expenditure made from the state trust lands restoration and remediation fund, the commissioner shall attempt to recover the costs of remediation projects from any person who

may otherwise bear liability for that remediation project under the Voluntary Remediation Act, the New Mexico Act, the Surface Mining Act, the Oil and Gas Act, the Water Quality Act, the Solid Waste Act or the Hazardous Waste Act.”