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FOR IMMEDIATE RELEASE

February 14, 2019

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“Raise the Rate” Bill Hearing Scheduled in House Commerce and Economic Development Committee

SANTA FE, NM – House Bill 398, the “Raise the Rate” Bill, has been scheduled for consideration by the House Commerce and Economic Development Committee on Friday, February 15th at 1:30 pm. Sponsored by Representative Derrick Lente (D-65), the bill seeks to raise the royalty rate on the top performing oil and gas leases on state trust lands to ensure more money is made for New Mexico schools and hospitals.

House Bill 398, which would mirror Texas in setting the royalty rate for the best oil and gas tracks at 25%, is estimated to generate an additional \$1.2 to \$2 billion for the Land Grant Permanent Fund beneficiaries over the course of 30 years.

Under the legislation, when oil production reaches 20,000 barrels monthly, or 75,000 m.c.f. (thousand cubic feet) for gas, the royalty rate the Land Office receives would increase to 25%. The bill would also require that companies pay royalties on gas wasted through venting or flaring. On average, a million dollars is lost every month to the beneficiaries due to venting or flaring. Revenues generated would go to fund public schools, universities, hospitals and other public institutions.

“Since we introduced this bill, oil and gas companies have presented a narrative that they are under attack, but that is truly not what this is about. By advocating for this bill as loudly as we have, the Land Office is showing our commitment to ensuring the long term viability of the Land Grant Permanent Fund, which I am constitutionally obligated to do,” Commissioner Garcia Richard said of the bill.

“The truth is that when you compare some of our business practices, we are hands down more friendly to the industry than Texas, and that certainly includes royalty rates. Leases on Texas

trust land are at 25%, but the average rate we see in New Mexico is 13%. The school kids in New Mexico, and our taxpayers across the state, deserve to get their fair share of the resources that the public owns. That is why I am pushing for this increase, and it is why I won't give up on this increase while I am in office. I will work with the legislature, the industry, advocates – anything I can to get this done. I hope all of those groups come to the committee hearing on Friday with an open mind, because this is for our kids and the future of our state.”

The “Raise the Rate” Bill was also introduced as SB 500 in the State Senate and is sponsored by Senator Bill O’Neill (D-13).

Oil, gas, and mineral production, ranching and farming, and commercial development on State Trust Lands support public schools, seven universities, New Mexico Military Institute, New Mexico School for the Deaf, New Mexico School for the Blind and Visually Impaired, three hospitals, correctional facilities, water conservation projects, and public building construction and repair. In fiscal year 2018, the State Land Office collected \$852 million from lease payments, oil and gas lease sale earnings, rights-of-way, permits, interest, fees, and oil, gas, and mineral royalties.