



SB 112 Sustainable Economy Task Force

Summary: SB 112 Sustainable Economy Task Force, sponsored by Senator Mimi Stewart, would allocate \$100,000 to fund the creation a Sustainable Economy Task Force that would be required to develop a strategic plan to transition the state economy away from reliance on natural resource extraction and require state agencies to comply with strategic plan recommendations. The sustainable economy task force would develop a plan for 2022 and each fiscal year thereafter through 2027. The Task Force would be comprised of the Governor, Land Commissioner, the State Treasurer, the Secretary of Finance, the Secretary of Taxation, the Secretary of Energy, Minerals and Natural Resources, the Secretary of Economic Development, the Secretary of Indian Affairs, or their designees. Each member could appoint two other voting members from the public.

History: New Mexico's reliance upon gas and oil revenues results in large surpluses in boom years, but in bust years the state experiences serious budget challenges and for almost a century that is precipitated by increases or declines in the price of gas and oil and/or the demand for gas and oil.

- According to the Legislative Finance Committee, New Mexico typically receives about \$2 billion in direct revenue from oil and gas production through severance and property taxes and royalty and rental income.
- Additional indirect income comes from sales and income taxes on oil and gas drilling and service, which generate about \$300 million.
- In addition to production taxes, New Mexico collects royalties from oil and gas production on federal and state land and imposes property taxes both on the assessed value of the products severed and sold and on the production equipment.
- Most oil and gas revenue is deposited into the general fund. Most years, oil and gas revenue make up 15 percent to 25 percent of total general fund revenue, although that figure fluctuates depending on economic conditions and the health of the energy industry.
- Jim Peach, Regents professor of economics at New Mexico State University: "For at least 40 years people in the state government and the Legislature have known that they are overly dependent on oil and gas for state revenue. Like it or not, we're at the tail end of the fossil fuel age."
- At a Legislative Finance Committee meeting in early December, the state's economists said that revenues for fiscal year 2021 will be \$850 million lower than in 2020. Seventy percent of that drop is from reduced oil and gas income brought about by the COVID-19 disaster.

Why This Legislation Is Good for NM: The creation of a sustainable economy task force would allow the state to begin to plan for a just transition, identify strategies for diversifying our economy, making changes in tax policy, and otherwise plan for the development of a more sustainable economy.

Supporting Organizations

Sierra Club; New Energy Economy; Conservation Voters of New Mexico; 350NM

Building grassroots power to successfully advocate for social, racial, environmental, and economic justice.

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