

There's gold in them thar' fields:

New Mexico benefits from growing mining royalties

By R. Scott Gerdes

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New Mexico State Land Office Commissioner Pat Lyons announced recently that in the State Land Office beneficiaries were paid \$473 million, or \$92 million more in fiscal year (FY) 2005, which ended June 30, than in FY-2004 thanks to the high cost of oil and gas.

In 35 states, a record \$1.7 billion in mineral revenues was distributed during FY-2005, as reported by the Department of the Interior's Minerals Management Service.

Wyoming topped the list, receiving \$878.5 million. New Mexico came in second. Colorado rounded out the big three with \$106 million received for its share of the pie.

The disbursements come from mineral production — plus land rentals — that includes coal, oil, natural gas, sand and gravel taken from federal lands (or "trust land") located within a state's borders and from federal offshore oil and gas tracts adjacent to state waters. The money is collected by the Interior Department's Minerals Management Service.

For the majority of onshore federal lands, states get 50 percent of the revenues. The remaining 50 percent goes to various funds of the U.S. Treasury, such as the Reclamation Fund for water projects, according to the Minerals Management Service.

In New Mexico, trust land royalties are given to the State Land Office, which funnels the money into the Land Grant Permanent Fund (LGPF) and the Land Office's Maintenance Fund. Generally, 5.8 percent of the royalties are distributed to the LGPF — according to State Land Office Public Information Officer Kristen Haase — that the Legislature puts in a "general fund" doled out to public schools, hospitals and other institutions across the state.

In addition to public schools, the

list of benefactors includes: the New Mexico Military Institute, New Mexico School for the Deaf, New Mexico School for the Blind and Visually Impaired, the University of New Mexico, New Mexico State, Western New Mexico University, New Mexico Highlands University, University of New Mexico Saline Lands, Northern New Mexico Community College, Eastern New Mexico University, New Mexico Institute of Mining and Technology, water reservoirs, public buildings at the Capitol and Río Grande improvements.

Some state institutions own equal shares of the lands and permanent funds under the Charitable, Penal and Reform beneficiary class. Those rentals, royalties and permanent fund distributions are shared equally by Miners'-Colfax Medical Center, Carrie Tingley Hospital, Las Vegas Medical Center, Los Lunas Hospital, Penitentiary of New Mexico, New Mexico Boys School and the Youth Diagnostic Development Center.

The LGPF funds distribution also represents returns on "Fortune 500" investments made by the State Investment Council, according to Charlie Wollmann, public relations officer for the State Investment Council.

Public schools receive the most money, standing at \$392 million from the LGPF for FY-2005. That money goes into the General Fund. The amount any school gets from the General Fund, said State Rep. Roberto "Bobby" Gonzales (D-42), is a percentage based on a formula that takes into account a school district's student population (higher student numbers equal more money) and the total property valuation for a district. The

latter can hurt places like Taos, Gonzales said, because high property taxes put a dent in revenues received. Also, each grade level gets a certain percentage, as do bilingual and special education classes.

The "formula" is adjusted every year, according to Gonzales.

There are 89 public school districts in New Mexico, with a total enrollment of 322,790 students. Within the districts there are 790 schools, including 452 elementary schools, 131 middle schools, 19 junior high schools, 117 senior high schools, 29 alternative schools, 6 family schools and 36 charter schools.

The money has also helped Gov. Bill Richardson push education

improvements by giving teachers raises and extending more services to kindergartners and pre-kindergartners.

During the next legislature, Lt. Gov. Diane Denish says the administration will ask for the allocation of \$109 million for more teacher pay raises, and \$8 million for hiring more physical education teachers.

Kay Monaco, director of New Mexico Voices for Children, a group that advocates for social services for low-income residents, says that despite the increased spending on schools, New Mexico still has a long way to go.

"We have a plethora of needs," Monaco says. "New Mexico is woefully unprepared to compete in today's economy." It is her wish that \$300 million be used to set up a new "social infrastructure" trust fund to generate annual earnings for adult education and improved daycare services.

Donna Jean Swanson, full-time faculty member at TVI Community College in Albuquerque and president of TVI Employees Federation worries that there's not a real in-depth look and discussion on the

governors part as to what is needed. "Higher education salaries are really losing ground," Swanson said. "The emphasis is on K-12, which it should be. However, higher education hasn't been looked at for a long time. We're inheriting the struggles in preparing K-12 students for higher education."

Raises aren't enough, she added. Swanson would also like to see a better long-term plan for more schools, fixing schools that exist, curriculum

reform and how it will all be paid for.

Trust lands in Taos County total 36,832 in surface acres and 63,227 in mineral acres. The only county in the state with no trust land is Los Alamos, although their public schools still receive funds from mining royalties. The reason as to why Los Alamos schools benefit, speculated John Bemis, State Land Office assistant commissioner of oil, gas and minerals, may be due to the dominant "federal and/or Indian tribe ownership" of the county's land and the fact that Los Alamos is a "small county."

Revenues generated on state trust lands contribute nearly \$1,000 per student annually, according to the State Land Office. Lyons attributes the FY-2005 increase to surging energy costs. "Oil and gas revenues earned by the Land Office and paid into the Permanent Fund were extremely high due to strong oil and gas prices," he said.

There's also been a significant increase in mineral revenue over the past year because of a demand for new sources of energy thus renewing interest in mining, according to Lyons. While mining and drilling royalties have steadily increased, Bemis said he feels the 5.8 percent spent on public education is not enough to totally fund schools.

"Our goal is to have the Permanent Fund be able to do that," he said.

In FY-2005, Maintenance Fund revenues totaled \$64 million — \$20 million more than in the previous fiscal year — and \$51 million from that fund was distributed to the beneficiaries. The Maintenance Fund pays for the Land Office's operating expenses, which are approved by the Legislature. Any monies left over and above expenditures are paid to the beneficiaries, according to Haase.

State mining and drilling revenues have now surpassed the billion-dollar mark.

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