

Bill Numbers		Bill Names	Committee Assignments	Sponsors	FINAL Status
House	Senate				
<u>HB 19</u>		Status of Water Rights under Lease	HAGC/HJC	Gonzales	Tabled in HJC
	<u>SB 188</u>		SCONC/SJC	Griego	Left in SCONC
This bill might assist in leasing water rights for temporary oil and gas development.					Watched
<u>HB 108</u>		Rules Development Requirements	HHGIC/HJC	Gentry	
			SRC/SJC	Ivey-Soto	Left in SJC
A regulatory reform effort carried by the House Minority Whip; this is a good bill that will require state agencies to have more public participation in drafting of regulations; hearings and will extend the public comment period to a set 30 days after initial publication of the rule Passed HHGIC 11-0. Passed House Floor 70-0;					Supported
<u>HB 136</u>		Disclosure of Fracturing Fluid Composition	HENRC/HAGC/HJC	Egolf	Left in HENRC
During the hearing in HENRC an amendment to require notification of constituents used for a HF to surface owners and the public 30 days prior to completion operations was added; both amendment and bill passed on 7-5 partyline vote. Adds a new section to the Oil and Gas Act to require that operators disclose the composition of HF fluids to the IOGCC or GWPC of all ingredients that go down-hole regardless if required on an MSDS sheet; allows for land owner and adjacent landowners, any agency of the state or the federal government to overcome a trade secrets exemption; AG King representative was expert on bill; EMNRD strongly opposed					Opposed
<u>HB 189</u>		No false statements to environment department	HENRC/HJC/FLOOR	Egolf	
			SCONC/SJC		Left on Senate Floor
IPANM worked with the NMED to amend this Governor's bill; The bill was substituted on 2/4 - now it applies only to liquid waste systems owned by a public entity. This bill seeks to criminalize misstatements made to the department; a fourth degree felony for a misrepresentation (18 months jail); a third degree felony if the misrepresentation caused an 'adverse impact to the environment' (three years jail) and a second degree felony if the misrepresentation caused serious bodily injury (15 years jail). While the Department claims that a 'knowing element is necessary, as drafted this is not the case HB 189. There is also a \$10,000 per day penalty from the date of the misrepresentation to the date the penalty is imposed. This bill initially covered any reporting required under the Environmental improvement Act, the air Quality Control Act; Ground Water Protection Act or the Environmental Compliance Act.					Substituted to amend OG out
<u>HB 214</u>		Oversized Oilfield Vehicle Hours of operation	HTPWC/HJC	Roch	Tabled in HJC
Amends Section 66-7-413.6 to allow for 24 hour operations of oilfield equipment transport vehicles with special permits. The bill passed out of Transportation 2/19.					Supported
<u>HB 259</u>		Recover Damages for Natural Resource Injuries	HENRC/HJC	Kane	Tabled in HENRC 6-5
New Committee substitute introduced 3/1; expands legal authority of the Natural Resource Trustee to investigate injury to, destruction of or loss of surface or ground water resources resulting from the release of a hazardous substance; determine liability; determine amount of injury and assess and collect damages; awards to include cost of restoration or replacement; compensation for loss of use; compensable value for loss of use may be calculated as amount required to compensate the public for loss in services provided by injured surface or ground water resource; definition of release and hazardous substance based on CERCLA; no liability for state agency; no double recovery; three year statute of limitations and no recovery for damage to injured surface occurred prior to December 11, 1980.					Opposed

<u>HB 285</u>		Pipeline Safety Act Violation Penalties	HBIC/HJC	McCamley	Left on Senate floor
	-		SCORC/SJC		
This bill passed HBIC on an 11-0 vote; this is not a concern for upstream and no midstream companies testified against the bill; this may be necessary for federal funding; This bill changes the penalty provisions for violations of the Act from \$25,000 per violation per day with a max of \$500,000 to apply federal law 49 CFR 190.223(a) - \$100,000 per day per violation with a max of \$1,000,000 for any related series of violations. Attaching NM Statutes to Federal law is not good for business certainty as the federal rules could change with no NM input.					Watched
<u>HB 286</u>		Oil and Gas Financial Assurance	HENRC/HJC/Floor	Chasey	Tabled on House Floor 32-36
				M. Sanchez	
Review of HJC Committee Sub: increases financial assurance from \$50,000 blanket to \$100,000 minimum AND a financial assurance of \$5000 per well including for inactive wells; deletes the provision in original draft that allowed suit against the mineral owner. Increases penalties to \$10,000 per day per violation unless under valid permit or regulation; if a knowing and willful violation the penalty is \$15,000 per day per violation; knowing and willful violation is expanded to include procurement, aiding or abetting in the commission of any violation of a rule, order or provision of the OG Act. Note that the definition of 'inactive' for well plugging is a well that is not being used for 'beneficial purpose' Significant expansion of Oil and Gas Operations to include all service companies including water hauling.					Opposed
<u>HB 293</u>		Tax Net Operating Loss Carryover	HTRC/HAFC	Dodge	Tabled in HTRC
Extends net operating loss carry over that occur after July 1, 2014 to 14 years. Any NOL's incurred prior to July 1, 2014 will still have the current 5 year limitation.					Watched
<u>HB 335</u>		Water Resource Testing & Damage Remedies	HENRC/HJC	Egolf	Left in HENRC
				M. Sanchez	
Sponsor to redraft for hearing. Adds a new section to the Oil and Gas Act for hydraulic fracturing; the owner must conduct a geologic and hydrologic assessment for each proposed well for all surface and ground water within 2000 meters of the well to a depth of 1000 feet below the well's target depth prior to HF operation; he must conduct water testing from the surface to 1000 feet below the well's target depth; bill establishes a list of constituents required for water testing; water testing to be completed 1) before drilling; 2) during drilling; 3) one week after HF operations; 4) six month post well completion. All results of water sampling made available to the public and all samples kept at OCD for three years; any 'statistically significant increase' in any component is presumed to have been caused by HF but that presumption may be rebutted by clear and convincing evidence in court; must make damages claim within 3 years of publication of last water test sample results;					Opposed
<u>HB 410</u>		Motor tax for highway projects & project fund	HTPWC/HTRC/HAFC	Lundstrom	Left in HTPWC
HB 410 temporarily increases the motor vehicle excise tax to 4 percent of the price paid or reasonable value of the vehicle (up from 3%) until 7/1/28. allowances granted for trade-ins may be deducted from the price paid or reasonable value. Until 7/1/28, 25% of the funds received from this increase shall be deposited in a new Major Investment Highway Fund; the state may bond against the fund.					Watched
<u>HB 429</u>		Environmental private right of action	HENRC/HJC/FLOOR	Louis	Tabled on House Floor 30-36

HENRC Amendments: HB 429 amends the Oil and Gas Act (70-2-29 NMSA); Environmental Improvement Act; the Water Quality Act(74-6 NMSA) to allow a private person who is injured in fact, economically or otherwise, or who is imminently threatened with injury economically or otherwise, to commence a civil action against an other person, including the state charging a violation of the Act, rule, permit or order; or against the OCD or OCC alleging a failure to perform any substantive duty required by a provision of the Act or rule promulgated pursuant to the Act; the amendment deletes ability to sue political subdivisions; also amended to require 'loser pays' provisions to prevent frivolous lawsuit but this amendment was stripped off in HJC; must give 60 notice to OCC, OCD, AG and violator unless 'immediate threat to health or safety or immediate and irreversible impairment of a legal interest could occur; the court has the discretion to order that civil penalties assessed, not to exceed \$25,000, be used in beneficial mitigation projects.					Opposed
<u>HB 458</u>		Consolidated Environmental Review Act	HENRC/HJC/HAFC	Chasey	Tabled in HENRC 7-4
Baby NEPA Bill tabled on votes by Ezzell, Bratton, Strickler, Lewis, Gray, Magdalena and Gonzales; HB 458 states that all agencies to prepare an environmental assessment for projects with physical impact; if determines 'significant effect on the environment' it shall require the applicant to prepare an environmental impact statement; cumulative impacts, impacts on cultural properties and on communities; consultant cannot have been with the applicant for 7 years prior. HB 458 would also require state agencies to review a federal agencies final action under NEPA and may require additional information and evaluation prior to approval of any permits.					opposed
<u>HB 494</u>		Pipeline Location notices for excavation	HBIC/HJC/Floor	Easley	Awaiting signature
IPANM amended this bill to apply to only pipeline with federal jurisdiction; PRC only has jurisdiction over midstream and not production pipes, gathering lines or flow lines; Amends the Utility code; changes definition of pipeline to apply to all gathering lines etc. by taking out the "pipeline subject to the jurisdiction of federal law or regulation" language, requires a call into One Call and marking with "Clear" or "no underground facility" flags. Operators will need to provide PRC positive response logs					
<u>HB 531</u>		Attorney General Legal Service Contracts	HJC/HAFC/FLOOR	Chasey	
			SPAC/SJC/FLOOR		Left in SJC
Passed House Floor on a 36-33 vote; Creates a slush fund for the AG to use for contingency fee lawyers on any claims the AG would normally litigate; AG testified they have 85 attorneys but only 16 litigate cases; will result in very aggressive private counsel - taken in conjunction with HB 286 or HB 429 this bill will result in excess bounty hunting on industry and any business entities in NM.					Opposed
<u>HB 616</u>		Alternative Fuel Tax Credits	HTPWC/HTRC	Egolf	Left in HTRC
Passed House Transportation Committee on a 7-0 vote; There was very positive discussion about the concept of using nat gas fueling options since there are more cars now on the market; However, only IPANM and Waste Management testified in support; This will be discussed during the interim committees Adds new section to the Income Tax Act to allow for a 50% tax credit for an alt fuel vehicle or qualified conversion vehicle; EMNRD to adopt rules to certify qualified conversions. An alt fueling station credit is also created to allow residential for 50% of cost or \$2500; commercial alt fuel to receive 75% credit; applies for both corporate and personal taxes					Supported
<u>HB 662</u>		Public Peace, Health Safety and Welfare	HENRC	Egolf	Left in HENRC
					Opposed
IPANM discovered that by using a "Dummy Bill" Rep Egolf was intended to require the OCC to have public hearings on ground water protection issues prior to November 1, 2013; if there was interest by the public, the OCD was to promulgate rules for water monitoring similar to those adopted in Colorado. The sponsor never brought the substitute bill to committee.					

<u>HM 21</u>		Preserve Prairie Chicken to oppose listing	HAGC/ passed Floor 39-28	Ezzell	Signed
This bill calls upon the Governor, NMGFD, BLM and the congressional delegation to support continuing state, local and private efforts to preserve and protect the lesser prairie chicken and oppose the USFWS listing the species as 'threatened'. Note that industry has registered over 2 million acres for conservation efforts thru candidate conservation agreements and candidate conservation agreements with assurances and the NMGFD is working with 4 other states in the species range to enlist companies in conservation agreements. County Governments are also engaging the federal government in 'coordination efforts' under 43 CFR 1712.					
<u>HM 84</u>		Online posting of Oil & Gas Info	HENRC/ Floor	Egolf	Left on floor
A very late introduction; Required to OCD to post on its website data from 2008 forward, the number of stripper wells; number of active inspectors, information on violations of OG Act amount of penalties collected for each category of violation; a listing of each facility in violation and actions taken by the Division against operators and the amount of funds in the oil and gas reclamation fund					opposed

Notes on tables:

- "Left" means the sponsor or the Committee Chair was lobbied and opted not to present the bill in a committee or on the respective chamber floor
- "Tabled" means a majority of the members of a committee voted against the bill and it was left in committee. This means a bill can be revived if any member who voted against the bill asks to bring it back off the table for a new vote. This procedural move occurred on HB 189, HB 259, HB 286, HB 429 and SB 273. A vote to table is therefore not as permanent as a "do not pass" vote that is recorded by the committee.

Committee Abbreviations			
House		Senate	
HAFC	Appropriations	SCONC	Conservation
HAGC	Agriculture & Water	SCORC	Corporations
HBIC	Business & Industry	SEC	Education
HCPAC	Consumer & Public Affairs	SIAC	Indian Affairs
HEC	Education	SFC	Finance
HENRC	Energy & natural resources	SJC	Judiciary
HHGIC	Government	SPAC	Public Affairs
HJC	Judiciary	SRC	Rules
HLC	Labor		
HTPWC	Transportation		
HVEC	Voter & Elections		

SENATE BILLS – 2013 Session

Bill Numbers		Bill Names	Committee Assignments	Sponsors	Final status
House	Senate				
		Tax Expenditure & Revenue Budget & Reporting	HCPC/HTRC	Varela	
	<u>SB 7</u>		SPAC/SFC/FLOOR	Keller	Awaiting Signature
The bill was substituted in SFC; Committee substitute addressed IPANM concerns by adding qualified economists to prepare report. Bill passed Senate Floor on a 37-0 vote. Note that last cycle, the Governor vetoed this bill as did Richardson two years prior.					IPANM opposed until amended;
		Corporate Rates and Combined Reporting			
	<u>SB 13</u>		SCORC/SFC	Wirth	Left in SFC

					SB 13, SB 59 and SB 277 are going to be rolled into one bill in SFC; Industry should prefer SB 277 of all the bills proposed; A repeat from the last session; including elimination of discretionary opt out with approval from TRD; the bill last year passed the Senate (28-13) and the House (36-33) but was vetoed; This bill amends corporate income tax rates down and requires unitary corporations to file a combined return with their other unitary corporations as though the entire net income were that of one corporation in NM and then pays based on an apportionment formula; effective date 1/14;	Was rolled into a larger bill
	<u>SB 59</u>	Corp. Tax, Reporting, Single Sales & Repeals	SCORC/SFC	Cisneros		Left in SFC
					This bill was rolled into a larger bill and passed SCORC without recommendation; This bill is identical to Wirth's SB 13 except that it adds provisions changing the formula for apportionment of business income from manufacturing; processing natural resources including hydrocarbons is specifically exempt from the manufacturing definition; repeals several tax credits including the rural jobs tax credit and the high wage jobs tax credit.	was rolled into a larger bill
	<u>SB 101</u>	Energy Bonds	SCONC/SFC	Wirth		Signed
					The sponsor testified in HENRC that this is just to have larger counties receive federal funds for energy efficiency projects; funds for small counties are from a smaller source; This bill was vetoed by Martinez in 2011.	watched - no direct impact on OG
	<u>SB 117</u>	Real Property Sale Affidavits	SCORC/SJC	Munoz		Tabled in SCORC
					Bill tabled in SCORC after strong opposition by IPANM and the commercial real estate developers; the expert on this bill was the San Juan County Assessor who is facing significant drop in revenue with loss of coal properties; This bill changes the reporting provisions in the property tax code to require reporting of all property transfers of real property by deed or real estate contract. This would give Assessors additional information that would most likely result in increases in property valuations and taxes; Currently, only residential transfers are necessary. But there are still problems with the residential valuations resulting in a robust practice of property valuation contests.	Opposed
	<u>SB 153</u>	Clarify Fraud against Tax Payers Act	SPAC/SJC	Cervantes		Tabled in SJC
					This bill was rolled into a larger bill and killed in SJC; This another qui tam bill (allows a private person, usually a whistleblower with knowledge of a fraudulent claim made against the government to assert a lawsuit and recover damages); the bill limits the government's authority to seek extensions when investigating without consent of the qui tam plaintiff; strengthens the plaintiffs damages rewards and fees recovered by contingency lawyers hired by the Attorney General's Office; unclear if this will directly impact industry	Opposed
	<u>SB 159</u>	Civil Case reciprocal attorney fees	SPAC/SJC/FLOOR	Cervantes		Awaiting signature
					This is a loser pays bill; This is really a bill the bankers need to be concerned about; Allows a court to award reasonable attorney fees to the winning party that prevails on a civil action based on a promissory note; written contract or other writing that allows at least one party to recover attorney fees. effectively adds recovery of atty fees to contract law.	Watched - this is a banking bill
	<u>SB 193</u>	Water Quality Control Commissioners	SRC/SCONC/Floor	Griego		Tabled on Floor
					Removes OCD as constituent agency to WQCC but retained EMNRD; note that water quality arguments when determining impacts to ground water from a spill are based on standards set by WQCC since OCD is a constituent agency; As a department within EMNRD this bill will still require OCD to adhere to those standards.	Watched
	<u>SB 270</u>	Unfair Trade Practices Attorney Fees	SPAC/SJC	Cervantes		Tabled in SPAC

The Attorney General claims he does not have the resources to prosecute all cases and is unable to attract law firms to do his work without this change. Unfair Trade Practices is a claim that has been raised in several of the deduction of transportation costs Oil and gas cases brought by the State Land Commissioner in an attempt for private counsel to recover additional fees.					
-		Transportation Public-Private Partnerships		Cook	
	<u>SB 273</u>		SCORC/SJC/SFC	Keller	Tabled in SJC
This bill creates a new Act in the Procurement code that will allow municipalities and counties to set up public-private partnerships to pay for any transportation facility within the local government's jurisdiction. The private partner would be allowed to recoup costs thru tolls and use fees; allows for distributions of the funds obtained from the private entities to be outside the RFP process; all P3 projects are to be approved by the AG and the State Board of Finance. Tabled in SCORC, revived and passed to SJC where it was tabled					Opposed
-		Single Sales & Reduce Corporate Sales Tax			
	<u>SB 277</u>		SCORC/SFC	Munoz	2nd committee
This bill was rolled into a larger bill and passed SCORC without recommendation, it is now sitting in Senate Finance; Reduces the Corporate income tax, changes the factors used for apportionment that would help companies that would be forced into unitary reporting in NM. To be heard in SCORC 2/25; supported by the administration.					Will be rolled into a larger bill
-		Reform Tax Code			
	<u>SB 368</u>		SCONC/SCORC/SPAC/SFC	Sharrer	3rd Committee
SB 368 does a complete overhaul of the tax code, including deletion of exemptions to payment of gross receipts tax including the following under 7-9-13 thru 7-9-42. This list includes the exemptions to GRT for payment of OG mineral interests; for products subject to OG emergency School tax; to persons subject to natural resource processors tax. The number of referrals on this bill ensures it will not make it out of the Senate this session.					Will be subject of Blue ribbon taskforce or interim committee
-	-	State Preemption of Local Oil and Gas Laws			
	<u>SB 463</u>		SCONC/SJC	Cisneros	Left in SCONC
Amends the Municipal Code to expressly preempt the authority of a county or municipality in the fields of regulating the exploration, development, production and transportation of oil and gas as delineated in the Oil and Gas Act; reserves the exclusive authority to the oil conservation commission and the oil conservation division. Sponsor has been quoted in the paper as saying he has asked to withdraw the bill and will ask for a memorial to study the issue.					
-		Water vulnerabilities list working group			
	<u>SB 482</u>		SCONC/SFC	Wirth	Left in SFC
Seeks \$250,000 for NM Tech and NMSU to establish a work group of hydrologists; demographers and economists to conduct a study on water demand and supply; to develop a projection of demand, climate variability; develop a list of vulnerabilities for next 20 years;					watching
-		Energy Education & Marketing Tax Act			
	<u>SB 535</u>		SCORC/SFC	Munoz	Tabled 8-1 in SCORC
Imposes a new tax on industry of 1/10 of 1% of value of all products severed; Each operator shall make a return to the department showing the total value, volume and kind of products sold from each production unit for each calendar month; 25% of funds to Energy education fund; 25% to clean energy grants fund; 50% to lottery scholarship fund; Energy education board is created with 9 members with 'oil and gas experience'; The sponsor claims there is a \$20 million shortage in lottery funds. Sponsor was invited to present his bill at NMOGA leg meeting; Industry voted to oppose the bill. IPANM testified very strongly against this bill.					Opposed
-		Ban Horizontal Oil & Gas Fracturing			
	<u>SB 547</u>		SCONC/SCORC/SFC	Soules	Tabled 8-2 in SCONC

Adds a new section to the Oil and Gas Act banning the use of multistage fracturing in horizontal wells. Tabled on an 8-2 vote after long discussions including chants and protests by environmental community.					Opposed
-		Cabinet Secretary and stakeholder dialogue			
	SM 76		SRC/SPAC	Leavell	Left in SRC
A surprise and late introduction to acknowledge the importance of extractive industries in NM and recent difficulty with county pre-emption; asks the Secretary of Energy and Secretary of Economic Development to convene meetings with stakeholders;					