

# NM lawmakers block proposal to increase royalty rates on oil and gas on state land

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SANTA FE, N.M. – State lawmakers on Friday rejected a proposal to allow an increase in the royalty rates levied on oil and gas production on some of New Mexico's state trust lands.

The bill, backed by newly elected State Land Commissioner Stephanie Garcia Richard, would have raised the cap on royalty rates from 20 percent to 25 percent for the most productive leases -- a move supporters said would simply put New Mexico on par with what Texas charges.

But opponents said the proposal risked damaging an industry that already plays a critical role in the state economy and infuses billions of dollars into the state budget.



In this April 24, 2015 file photo, pumpjacks work in a field near Lovington, N.M. With more barrels of oil being pumped monthly from the Permian Basin, New Mexico is among the nation's top producing states. (Photo11: Charlie Riedel/AP)

They also said the royalty rates are just one piece of the financial picture for oil and gas companies and that a recent tax study showed New Mexico already captures a higher share of the revenue than Texas.

The bill was tabled on a 7-3 vote in the House Commerce and Economic Development Committee, with three Democrats joining the committee's four Republicans in opposition.

"Why are we going after the one industry that's already coming through for us?" Rep. Alonzo Baldonado, R-Los Lunas, asked.

Garcia Richard, a Democrat and former member of the state House, said afterward that she was "especially disappointed" in some of her former colleagues. House Democrats, she said, had otherwise embraced progressive policy goals including gun control, raising the minimum wage and abortion rights.

But "this bill to help our kids and to assure the long term viability of the Land Grant Permanent Fund lost out to the big money oil and gas lobby," Garcia Richard said in a written statement. "When our resources dry up, I hope we won't be left wondering why we didn't make them pay their fair share."

House Bill 398, sponsored by Rep. Derrick Lente, D-Sandia Pueblo, could still be revived, though that's rare once a bill is tabled in a committee. Joining Republicans to support the tabling motion were Democratic Reps. Antonio "Moe" Maestas of Albuquerque, Jim Trujillo of Santa Fe and Patricio Ruiloba of Albuquerque.

Maestas said he supported the bill's goals but was reluctant to revise royalty rates without also taking a broader look at other costs imposed on the industry through fees and taxes.