

# New Mexico Climate and Conservation Fund

## Legislative proposal

### Purpose

To make a transformative, generational investment in New Mexico's future by addressing the impacts of climate change on our land, water, wildlife, and agricultural communities. Using the existing budget surplus, this fund would leverage federal and private support for climate resiliency, water and food security, watershed health, and the conservation of working lands, biodiversity and open space, and inspire future generations of land and water stewards.

### Need

New Mexico sits at a unique convergence of great need and historic opportunity. We are witnessing the impacts of climate change, expressed by drought, catastrophic wildfire, species extinction, soil erosion, and the undermining of our agricultural economy. At the same time, the state's budget outlook presents an opportunity to lead the way by making a significant, long-term investment in the conservation and stewardship of our lands and natural resources that provide the foundation for the state's economy and public wellbeing. This is a timely opportunity for New Mexico to make a meaningful, urgently needed investment in the state's future and leverage that investment at an impactful scale.

### How it works

- The Climate and Conservation Fund would provide a sustained, multi-year investment to existing conservation and restoration programs. It would be project-focused and utilize existing programs, statutes, boards, and rulemaking.
- This expendable fund would be seeded with \$200 million from the current budget surplus. The Fund would be managed by the State Investment Council, generate interest while the principal is spent down.
- The Fund would support watershed restoration, habitat improvements, land protection, agricultural programs, and youth programs at EMNRD, NMDA, NMED, EDD, ONRT and NMDGF.
- Funds would be allocated to support specific programs (e.g. Natural Heritage Conservation Act and Healthy Soils Act) and specific purposes (e.g. implementation of the Wildlife Conservation Act).
- Funding allocations would be defined in statute, providing consistent funding for achieving the state's climate and conservation goals.
- Project funding would be managed by each agency under its existing programs and authorities.
- New Mexico Finance Authority or the Department of Finance and Administration could play an administrative role and assist with oversight and accountability.
- Legislative oversight would allow for adjustments in appropriation levels from year to year. Agencies would report annually to the Legislature on project implementation and success.

## Eligible Programs

Agency	Program	Purpose
Energy Minerals Natural Resources Department (EMNRD)	Natural Heritage Conservation Act	Support projects that conserve and restore habitat, open space, working lands, and cultural sites and leverage federal LWCF dollars.
	Natural Lands Protection Act	Support projects that protect ecologically significant lands, create new parks, and leverage federal LWCF dollars.
	Forest and Watershed Restoration Act	To improve and restore forest and watershed health.
	Youth Conservation Corps	For habitat restoration and workforce development.
Department of Agriculture (NMDA)	Healthy Soils Act	Promote farming and ranching practices that improve soil health.
	Soil and Water Conservation Districts	Implement projects that improve grassland and rangeland ecosystems, leverage federal Farm Bill dollars, and support working lands.
Department of Game and Fish (NMDGF)	Wildlife Conservation Act	Implement the Wildlife Conservation Act to recover threatened and endangered species.
	Share with Wildlife	For projects that benefit non-game species and preserve biodiversity.
Environment Department (NMED)	River Stewardship Program	For projects that enhance the health of rivers by addressing the root causes of poor water quality and impaired habitat.
Economic Development Department (EDD)	Outdoor Equity Fund	Support transformative outdoor experiences that foster stewardship and respect for lands, waters, and cultural heritage
Office of Natural Resource Trustee (ONRT)	Natural Resources Trustee Fund	Restore natural resources and ecosystem services injured or lost due to contamination.

\*Modernizing the Natural Lands Protection Act would make the program more effective in leveraging outside funding and achieving conservation objectives.

## Allocation of Funds

The fund would work as an expendable trust fund, generating interest while allowing for the principal to be spent down over time. A consistent level of funding would be allocated on an annual basis until the fund is depleted or until it reaches a level at which point only the annual interest would be appropriated. This creates dedicated funding over multiple years, making a significant on-the-ground impact in the short-term while funding strategies are developed for the future. The legislature could adjust funding levels and allocation formulas as needed.

An initial investment of \$200 million dollars, earning interest, could provide approximately \$30 million annually through FY '30. Total investments would be significantly higher with the leveraging of federal and private dollars.

## Funding Scenario

The following is an example of how \$30 million could be expended annually to implement projects through existing programs. The figures used in these examples are based on historic funding levels, funding needs identified in state plans, and eligible projects and their associated costs. This scenario is intended as starting point for further discussion.

Agency	Percentage/\$ Amount	Annual Appropriation
EMNRD	50%	Natural Heritage Conservation Fund- \$6 million Natural Lands Protection Act - \$5 million Forest and Watershed Restoration Fund - \$3 million Youth Conservation Corps - \$1 million
	\$15 million	
NMDA	16.7%	Soil and Water Conservation Districts - \$4 million Healthy Soils - \$1 million
	\$5 million	
NMDGF	15%	Wildlife Conservation Act - \$3.5 million Share with Wildlife - \$1 million
	\$4.5 million	
NMED	10%	River Stewardship Program - \$3 million
	\$3 million	
EDD	5%	Outdoor Equity Fund - \$1.5 million
	\$1.5 million	
ONRT	3.3%	Natural Resource Damage Assessment and Restoration Program - \$1 million
	\$1 million	

\*These figures reflect state spending. Total spending will be higher by leveraging federal and private contributions at the project level.

## Proponents



New Mexico Association of Conservation Districts



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