

New Mexico kids get shortchanged

We all benefit when New Mexico's classrooms have the resources they need to educate our children. After all, today's students are tomorrow's leaders, entrepreneurs, and workforce. But our educational outcomes are not what they should be, and part of the reason is that we've underfunded our schools for years.

Some of the money that supports New Mexico's education system comes from royalties and rental payments paid by the oil and natural gas industries. Because we understand how fortunate we are to have those natural resources, we tend to forget our responsibility to be the very best stewards of them that we can be. We must ensure that we're not shortchanging our students - but, because of the federal government's outdated policies, we are.

Oil and gas producers are required to pay for the minerals they extract from our public lands because New Mexico's natural resources belong to all of us. However, many of the federal government's regulations regarding this industry are outdated, meaning oil and gas companies aren't paying their fair share to exploit those resources.

When oil producers want to extract crude from federal lands in New Mexico, they pay royalty and rental rates set by the federal Bureau of Land Management. However, BLM's royalty rates

for oil and gas drilling on federal lands are seriously outdated and are 40 percent lower than the rates set by New Mexico for production on many state lands. The BLM's royalty rate has not been updated in nearly a century, so it has certainly not kept up with inflation. Meanwhile, the price of gas has steadily risen since your great-grandfathers filled up the tank on the old Model T, and oil companies have been making enormous profits.

If the BLM's royalty rate had matched New Mexico's rate, the state would have earned at least another $2.5 billion over the past ten years, according to a recent report by Taxpayers for Common Sense. New Mexico lost another $9+ million thanks to rental rates that haven't been updated since the 1980s. Most of that money would have gone to paying our teachers and buying books, computers, and other tools for our classrooms.

Outdated federal rates are a bigger problem for New Mexico than for other western states because New Mexico has the largest share of oil and natural gas production taking place on federal lands in the nation. In fact, New Mexico is the largest producer of oil on federal lands, and the second largest producer of natural gas on federal lands, according to the TCS report.

Royalties, rental rates, and other charges are collected because Americans are entitled to receive "fair market value for the use of the public lands and their resources" under federal law. While the states can set their own rates for the oil and gas production that takes place on state lands - and most western states charge higher rates than does the BLM - we are reliant on Washington to update the rates on federal land.

Fortunately, Senators Tom Udall and Chuck Grassley are sponsoring bipartisan legislation - the Fair Return for Public Lands Act of 2020 - that would raise royalty and rental rates and other fees, pull in significantly more revenue for the federal government and the states. We applaud them for their work and urge other lawmakers to support this bill.

When our state was founded, we made the smart strategic decision to use the revenue from the value of our natural resources to educate our children. But the federal government has been much less smart about stewarding those resources so our children get the maximum benefit. When our kids get shortchanged because their classrooms are under-resourced, the whole state loses out. One day, oil and natural gas will no longer be extracted from beneath New Mexico. We need to make the most of this resource while we can.

By James Jimenez
New Mexico Voices for Children