

**Comparative Analysis of Revenues and Expenses for State Trust
Land Management and Bureau of Land Management in Select
States: Implications for an Expanded State Land Base in Nevada**

Prepared For:

Nevada Association of Counties
on Behalf of Nevada Public Land Management Task Force

Prepared By:

Intertech Services Corporation
P.O. 2008
Carson City, Nevada 89008

in consultation with:

Resource Concepts, Inc.
340 North Minnesota Street
Carson City, Nevada

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TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
METHODOLOGY	6
RESULTS	8
State Trust Land Management Trends	8
Estimated Costs and Revenue for Expanded Nevada State Land Base	22
Distribution of State Trust Land Management Net Revenues	24
BLM Land Management Cost and Revenue Trends	27
Federal Government Distribution of Public Land Management Related Revenues to State and Local Government in Nevada	35
CONCLUSIONS	35

INTRODUCTION

A.B. 227 (Chapter 299, *Statutes of Nevada 2013*) established the Nevada Land Management Task Force (hereinafter referred to as Task Force). A.B. 227 requires that a study be produced as a result of the Task Force's work, specifically covering three main things: 1) an economic analysis including costs and revenues associated with transferring federal lands to the State; 2) a proposed plan for the administration and management of any lands transferred; and 3) an identification of the lands that Task Force determines would be included in any potential transfer. The Task Force must present their findings in one report to the Legislative Committee on Public Lands on or before September 1, 2014.

In response to the study requirement contained in AB 227, the Nevada Association of Counties (NACO) on behalf of the Task Force contracted with Intertech Services Corporation (ISC) to address item 1) above; an economic analysis including costs and revenues associated with transferring federal state lands to the State of Nevada. This report presents the results of said analysis. ISC was assisted in preparation of this report by Resource Concepts, Inc.

An analysis similar to that documented within this report was prepared by ISC and RCI in 1994 at the request of Eureka County, Nevada.¹ Given the 20-plus year old nature of the Eureka County study, the Task Force elected to undertake a current analysis which is documented in this report.

This report considers patterns of select state school trust land management entities and Bureau of Land Management revenue generation, expenditures and production of outputs from management of land resources. This information is intended to provide insight as to what might be expected should Congress transfer title to federal land in Nevada to the State of Nevada resulting in an expanded state land base. Information contained within this report is intended to aid the Task Force and the Nevada Legislature's Public Lands Committee in understanding

¹ Resource Concepts, Inc., *Identification of Public Land Transfer Issues and Preliminary Comparative Economic Analysis*, prepared in consultation with Intertech Services Corporation for Eureka County Board of Commissioners, Eureka, Nevada, November 22, 1994.

apparent opportunities and constraints to generating net revenues from expanded land management activities in Nevada.

The transfer of title to public lands in Nevada from the federal government to the State of Nevada could provide new sources of revenue and require new levels of expenditure by state government. A decision by the Task Force to recommend and by the Nevada's Executive and Legislative branches of government to pursue a Congressional transfer of federally administered land in Nevada to the State might reasonably be expected to include consideration of expected revenues and costs. Presumably, a decision to pursue a Congressional transfer of federally administered land in Nevada to the State would be conditioned upon an expectation that land management revenues would exceed expenses, thereby providing a stream of net revenues to assist with funding the State and its existing programs. Ultimately, the need by the State to generate revenues sufficient to cover reasonable costs might have a significant bearing upon land management policies for newly acquired public lands. It is important for policy makers to be informed about the potential for management of newly acquired lands to require expenditures of funds and to generate net revenues.

Beyond the important question of expected costs and revenues, issues of emphasis and efficiency in existing public land management practices deserve consideration. Expenditure of public funds for land management purposes can be focused upon both revenue and non-revenue producing activities. Management of public land can result in the production of economic and non-economic outputs. For example, production of forage for consumption by domestic livestock is considered an economic output. Alternatively, production of forage for consumption by wild horses and burros might be considered a non-economic output. The production of forage for livestock consumption is predicated upon a desire to produce economic returns, whereas the production of forage for wild horses and burros is the result of the need to comply with federal laws mandating protection of these species.

Matters of public policy and legal mandates have served to structure existing federal land (also referred to as "public" in this report) management practices in Nevada. Under State of Nevada administration, land management policies might be revised to alter emphasis upon either

production of economic or non-economic outputs. Continued requirements for compliance with federal legal mandates might depend upon the outcome of federal court proceedings and/or Congressional action. Policy makers might then benefit from an understanding of existing patterns of emphasis upon the expenditure of monies in the production of economic and non-economic outputs from public lands.

Measures of efficiency under existing public land management practices may be useful in framing prospective revenue and cost relationships. Factors such as Full-Time-Equivalents (FTEs) per acre or FTEs per revenue dollar, AUMs produced per acre, and revenues and expenditures per acre may be used to evaluate differences between existing federal land management programs and those of states. Consideration of these factors may suggest the extent to which alternative scenarios of emphasis upon management for production of economic and non-economic outputs might influence costs and revenues.

Collectively then, policy makers would benefit from an understanding of the potential for public land management activities to produce net economic benefits. Factors affecting revenue generation may include total available acreage by type (i.e., rangeland, forest, etc.); production constraints such as elevation, climate, soil types, slope, surface and groundwater hydrology, and geology, among others; competing supplies and demand for producible outputs; pricing of outputs; and trends in production of marketable resources, among others. With the possible exceptions of pricing and controlling quantities of outputs produced (i.e., number of AUMs or barrels of oil), options for influencing revenues will typically be limited by the characteristics of natural resources available. Obviously, those characteristics will vary among states and within a state. What might be learned from consideration of revenue generation in other states must be viewed with local conditions in mind.

As has been noted previously, land management expenditures, either in the case of the federal government or by states, will be dependent upon both public policy and legal mandate. While federal policy and legal mandate may be widely applicable across several states, individual states are free to establish unique policies and legal requirements for administration of state lands. States may choose to parrot federal land management initiatives, may exceed federal

requirements and mandates in some cases, or may elect to de-emphasize certain federal priorities. For example, while the federal government may be required through legal mandate to provide habitat for wild horses and burros, states may not be similarly inclined. While federal land managers may be required by law to identify and administer wilderness study areas, states may elect to not pursue similar land management activities. States may elect to conduct forage inventories on an annual basis, whereas the federal government may conduct such inventories with less frequency. Each course of action, whether mandated or developed as a result of discretionary authority, will have commensurate implications on land management expenditures, revenues and the generation of net revenues.

This report, then, is intended to help answer the following questions:

- 1) To what degree have other states been able to generate net revenues as a result of land management activities?
- 2) What have been the major revenue sources from land management activities of other states?
- 3) In the event the State of Nevada were successful in assuming administrative authority for public lands within the state, what is the potential for related land management revenues to exceed expenditures?
- 4) In the event the State of Nevada were successful in securing Congressional transfer of BLM administered land to the State, what is the potential for related land management revenues to exceed expenditures?
- 5) How have other states distributed net revenues generated from state trust land management activities?
- 5) To what degree has the Bureau of Land Management been able to generate net revenues as a result of land management activities within selected states?
- 6) What have been the major revenue sources from land management activities of the Bureau of Land Management?
- 7) To what extent does the federal government currently distribute public land management related revenues to the State of Nevada and her local governments?

8) How do revenues, expenditures, labor utilization, and resource production rates differ among different state land and BLM state programs, and between state and federal land management activities?

METHODOLOGY

To aid Nevada policy makers in determining the potential for generation of net revenues through management of an expanded state land base, a comparison of other state trust land management fiscal situations was determined appropriate. The comparative analysis focuses upon land management activities within the neighboring states of Arizona, New Mexico, Utah and Idaho. These same four states were considered in the previously described study commissioned by Eureka County, Nevada in 1994. The number of states considered within this preliminary evaluation was necessarily limited by time and budget constraints. The use of several states was, however, deemed important to filter potentially extreme conditions. The four states were selected on the basis of their similarities to Nevada. For example, Utah contains a portion of the Great Basin and consequently has many similar physiographic characteristics to Nevada. Although the four states have many natural features similar to Nevada, there are important differences which tend to influence public land management costs and revenues. Utah, for example, contains coal producing regions. Idaho is characterized by large areas of commercial forest. New Mexico's land area supports extensive production of oil and gas.

The comparative analysis considers both revenues and costs, and production of outputs for both state land management agencies and the Bureau of Land Management in these four states. The analysis of BLM revenues and costs also considers Nevada. In addition to using data from multiple states, thereby providing spatial control, information covering five fiscal years was utilized (2008 – 2012). Data obtained for this analysis was consequently able to reflect broad geographical and temporal conditions. It is also important to note that the selected years of analysis also encompassed the period of time wherein the United States entered and began its recovery from the Great Recession which resulted in profound adverse economic and fiscal consequences throughout the western United States. The analysis of actual net revenues addressed within this report both for the States of Arizona, Idaho, New Mexico and Utah and

estimates of potential net revenues for the State of Nevada then is considered conservative given that it is based upon a generally recessed period of the U.S. economy.

At the federal level, the evaluation is limited to consideration of the BLM. Because BLM administers the vast majority of all public lands within Nevada, focus upon this agency within this preliminary study is appropriate. It is also consistent with the analysis commissioned by Eureka County, Nevada in 1994. The analysis of BLM included statewide revenue, cost and output features for the states of Idaho, Utah, Arizona, New Mexico and Nevada. BLM data on revenues and outputs was obtained largely from annual reports (USDI, 2008 through 2012). Expenditure and employment information was provided by BLM state office staff in the form of unpublished tables and reports. In some cases, all or portions of the collected BLM information had to be requested through the Freedom of Information Act (FOIA). Generally, BLM staff was very helpful in providing requested information.

Because Nevada presently does not administer a comparable level of land area, collection of statewide land management revenue, cost and output data was limited to the states of Idaho, Utah, Arizona and New Mexico. The absence of comparable Nevada data should not be seen as a deficiency of this analysis. In fact, a primary objective of this research was to develop an assumed cost and revenue structure for Congressionally transferred lands which might be administered by the State of Nevada. State land management cost, revenue, output and employment data was obtained from state land management agency annual reports and contact with staff of state land management agencies

As data was received, it was entered into electronic spreadsheets for display and analytical purposes. Spreadsheets were used to calculate performance ratios, derive net values and , calculate multi-year averages. The compiled information was first arrayed by state and year to facilitate multi-year comparisons. Observed high, observed low and five-year averages were then derived for the BLM and state data, respectively. This approach provided state by state ranges of revenue, expenditure and output information. The five-year average data for BLM and states, respectively, were then combined to derive multi-state averages for revenues, expenditures and outputs. The multi-state data allows a comparison of observed high, observed

low and average revenues, expenditures and outputs across all states. Information for state land management agencies is particularly useful in establishing a defensible range within which prospective annual figures for Nevada could be estimated.

Estimates of costs and revenues for Nevada assuming management of public lands was based on expenditures and revenues of individual states and multi-state averages. These initial estimates assume that revenues and costs associated with management of an expanded state land base in Nevada would fall within the range of observed costs and revenues observed in other states.

RESULTS

The collection and analysis of other state and BLM land management costs, revenue, employment and output data produced a variety of findings useful to decision-makers considering expansion of the area of state land holdings in Nevada. The discussion of results contained within this report have been divided into the following four topical areas: state agency trends, estimated Nevada costs and revenues, BLM trends and current distribution of funds by BLM to Nevada and her local governments.

State Trust Land Management Trends

Tables 1 through 4 summarize public land management cost, revenue, output and employment data for the states of Arizona, Idaho, New Mexico and Utah during fiscal years 2008 through 2012. The information contained within Tables 1 through 4 begins to suggest both similarities and differences between the states. For example, somewhat unique to Arizona is the state's agriculture leasing (farmland) program. Arizona leases in excess of 155,000 acres of farmland, producing lease revenues which exceeded \$1,400,000 in 2012. Unlike other states considered in this study, Idaho generates extensive revenues through timber sales. During the period 2008 through 2012, timber sales accounted for over fifty percent of revenues generated from management of state land in Idaho. Apart from agricultural land leases in Arizona and timber harvested from state forests in Idaho, revenues from state lands considered are generally derived from grazing, oil and gas, land sales and mining activities. As will be discussed later in more detail, land sales do represent an important revenue source for state land management agencies, despite the fact that states sell relatively small acreages of land each year.

Tables 5 through 8 provide calculations of observed high, observed low and the five-year average value for cost, revenue, output and employment characteristics for state trust land management agencies in Arizona, Idaho, New Mexico and Utah during the 2008 through 2012 five-year period. Table 9 contains a summary of five-year averages for each state. Observed high, observed low and combined averages for all states across the five-year period are summarized in Table 10.

Review of Table 9 reveals that New Mexico achieved the highest five-year average revenue per acre (\$59.01) among the four states considered. New Mexico's ability to generate greater revenues per acre is related to the significant contribution of oil and gas revenues derived from state trust lands. Forest management activities likely contribute to Idaho having the highest five-year average land management expense per acre (\$8.60). During the period of 2008 through 2012, New Mexico achieved the lowest expense per acre of state land managed (\$1.46) followed by Arizona at \$1.86 per acre.. These relatively low expense rates per acre are in part because New Mexico and Arizona manage three to four-times as much land as do Idaho and Utah. The observed experience of Arizona and New Mexico's suggest that costs per acre may decline as total acreage managed increases.

Due largely to its coal resources, the State of Utah had the second highest five-year average revenue per acre (\$38.50). As a consequence of its relatively high revenue per acre and low costs per acre, the State of New Mexico achieved the greatest net revenue per acre (\$57.55) through management of state trust lands during the five year period of 2008-2012.

Table 1. Five Year Summary of Revenues, Expenditures, Employment, Output: Arizona State Trust Lands

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$382,385,591	\$247,043,134	\$155,429,218	\$190,308,434	\$213,218,799
Expenses	\$18,088,700	\$14,281,700	\$23,880,660	\$13,455,900	\$14,336,300
Net Revenue	\$364,296,891	\$232,761,434	\$131,548,558	\$176,852,534	\$198,882,499
Total Acres Managed	9,260,253	9,259,268	9,258,071	9,252,495	9,302,255
Revenue/Acre	\$41.00	\$26.00	\$16.78	\$19.11	\$21.38
Expense/Acre	\$1.95	\$1.54	\$2.58	\$1.45	\$1.54
Net Revenue/Acre	\$39.00	\$25.00	\$14.00	\$19.00	\$21.38
Total FTEs	173	175	154	151	124
Acres/FTE	53,527	52,910	60,117	61,274	75,018
Revenue/FTE	\$2,210,321	\$1,411,675	\$1,009,280	\$1,260,320	\$1,719,506
Expense/FTE	\$104,558	\$81,609	\$155,069	\$89,111	\$115,615
Net Revenue/FTE	\$2,105,762	\$1,330,065	\$854,211	\$1,171,208	\$1,603,891
Grazing Revenue	\$2,417,763	\$2,559,337	\$2,403,080	\$2,390,769	\$2,458,350
No. Grazing Leases	1247	1246	1247	1239	1224
Total Grazing Acres	8,405,942	8,405,371	8,408,033	8,368,575	8,378,985
Grazing Revenue/Acre Grazed	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Price per AUM	\$2.29	\$2.23	\$2.28	\$2.30	\$2.41
Agriculture Lease Revenue	\$4,201,575	\$4,458,855	\$4,944,449	\$4,362,612	\$4,470,978
No. of Agriculture Leases	387	379	367	354	347
Agriculture Acres Leased	170,487	166,152	163,186	156,575	157,174
Revenue/Leased Agricultural Acre	\$24.00	\$26.00	\$30.00	\$27.00	\$28.00
Oil & Gas Lease Revenue	\$1,006,274	\$1,149,669	\$399,937	\$457,623	\$1,614,618
No. of Oil & Gas Leases	519	513	320	204	291
Oil & Gas Acres Leased	1,004,792	992,880	571,637	330,833	508,567
Oil & Gas Lease Revenue/Leased Acre	\$1.00	\$1.15	\$0.70	\$1.38	\$3.17
Mineral Lease Revenue	\$719,000	\$766,507	\$2,800,008	\$1,528,934	\$1,770,197
No. of Mineral Leases	492	514	475	1091	873
Mineral Acres Leased	179,273	195,773	191,360	526,017	406,384
Mineral Lease Revenue/Leased Acre	\$4.00	\$3.00	\$14.00	\$2.00	\$4.00
Oil, Gas and Mineral Royalty Revenue	\$3,859,592	\$2,562,652	\$26,539,675	\$39,756,402	\$21,783,656
Oil, Gas and Mineral Royalty Revenue/Acre Leased	\$3.26	\$2.16	\$33.46	\$46.39	\$23.80

Table 1. Five Year Summary of Revenues, Expenditures, Employment, Output: Arizona State Trust Lands

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Acres Sold	1,994.32	1,381.72	918.36	5,598.94	9,600.44
Land Sale Revenue	\$125,997,000	\$71,752,000	\$19,151,000	\$104,371,586	\$119,886,949
Land Sale Revenue/Acre Sold	\$63,177	\$51,929	\$20,853	\$18,641	\$12,487

Source: Arizona State Land Department, *Annual Reports, 2008 through 2012*.

Preliminary Draft

Table 2. Five Year Summary of Revenues, Expenditures, Employment and Output: Idaho State Trust Lands

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$75,490,986	\$63,472,207	\$48,276,287	\$67,526,091	\$65,757,944
Expenses	\$20,161,083	\$21,019,253	\$22,685,271	\$23,854,935	\$23,354,297
Net Revenue	\$55,329,903	\$42,452,954	\$25,591,016	\$43,671,156	\$42,403,647
Total Acres	2,459,750	2,446,335	2,449,255	2,448,425	2,448,010
Revenue/Acre	\$30.00	\$25.00	\$19.00	\$27.00	\$26.00
Expense/Acre	\$8.00	\$8.00	\$9.00	\$9.00	\$9.00
Net Revenue/Acre	\$22.00	\$17.00	\$10.00	\$17.00	\$17.00
Total FTEs	264	264	264	259	260
Acres/FTE	9,317	9,266	9,277	9,453	9,415
Revenue/FTE	\$285,950	\$240,425	\$182,864	\$260,718	\$252,915
Expense/FTE	\$76,367	\$79,618	\$85,929	\$92,103	\$89,824
Net Revenue/FTE	\$209,582	\$160,806	\$96,935	\$168,614	\$163,090
Grazing Revenue	\$1,570,109	\$1,524,003	1532652	\$1,878,863	\$1,439,217
Grazing Leases	1,222	1,207	1,201	1,175	1,165
Total Grazing Acres	1,778,280	1,783,813	1,786,774	1,773,249	1,777,758
Grazing Revenue/Acre Grazed	\$0.88	\$0.85	\$0.85	\$1.05	\$0.81
Price per AUM			\$5.12	\$5.13	\$5.25
Ag Land Lease Revenue	\$280,005	\$270,371	\$329,298	\$277,790	\$399,696
No. of Agriculture Leases	77	75	73	71	67
Agriculture Acres Leased	20,264	19,699	18,998	18,329	18,350
Revenue/Leased Agricultural Acre	\$13.81	\$13.72	\$17.33	\$15.15	\$21.78
Residential and Comm. Land Lease Revenue	\$6,778,982	\$6,554,179	\$7,091,512	\$6,899,615	\$9,078,044
No. of Residential and Comm. Land Leases	747	695	683	672	684
Acres of Residential and Comm. Lease	16,993	17,116	16,435	16,450	16,696
Revenue/Residential and Comm. Acre	\$398.92	\$382.94	\$431.48	\$419.42	\$543.72
Timber and Forest Products Revenue	\$61,765,964	\$50,425,822	\$36,303,906	\$54,106,083	\$50,760,589
Acres of Forest Managed	971,613	971,678	977,429	977,005	977,529
Revenue/Acre of Forest Managed	\$63.57	\$51.89	\$37.14	\$55.37	\$51.92

Table 2. Five Year Summary of Revenues, Expenditures, Employment and Output: Idaho State Trust Lands

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Mineral, Oil and Gas Revenue	\$4,661,921	\$4,302,151	\$2,814,511	\$3,668,655	\$3,379,678
No. of Mineral, Oil and Gas Leases	425	444	425	465	462
Acres of Mineral, Oil and Gas Leases	n/a	123,234	114,562	116,809	102,500
Revenue/Acre of Mineral, Oil and Gas Acre	n/a	\$34.91	\$24.56	\$31.40	\$32.97

Source: Idaho Department of Lands, *Annual Reports*, 2008 through 2012.

Table 3. Five Year Summary of Revenues, Expenditures, Employment and Output: New Mexico State Trust Lands

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenue	\$546,194,908	\$526,534,538	\$420,276,400	\$499,211,175	\$652,347,910
Expense	\$13,236,000	\$13,184,100	\$12,975,900	\$12,948,500	\$13,172,000
Net Revenue	\$532,958,908	\$513,350,438	\$407,300,500	\$486,262,675	\$639,175,910
Total Surface Acres	8,924,620	8,975,644	8,976,373	8,973,721	8,966,456
Total Subsurface Acres	12,687,704	12,687,704	12,690,442	12,689,029	12,683,592
Revenue/Surface Acre	\$61.20	\$58.66	\$46.82	\$55.63	\$72.75
Expense/Surface Acre	\$1.48	\$1.47	\$1.45	\$1.44	\$1.47
Net Revenue/Surface Acre	\$59.72	\$57.19	\$45.37	\$54.19	\$71.28
Revenue/Subsurface Acre	\$43.05	\$41.50	\$33.11	\$39.34	\$51.43
Expense/Subsurface Acre	\$1.04	\$1.03	\$1.02	\$1.02	\$1.04
Net Revenue/Subsurface Acre	\$42.01	\$40.47	\$32.09	\$38.32	\$50.39
Total FTEs	155	155	153	151	151
Surface Acres/FTE	57,578	57,907	58,669	59,428	59,380
Revenue/FTE	\$3,523,838	\$3,396,997	\$2,746,904	\$3,306,034	\$4,320,184
Expense/FTE	\$85,393	\$85,058	\$84,809	\$85,751	\$84,105
Net Revenue/FTE	\$3,438,444	\$3,311,938	\$2,662,094	\$3,220,282	\$4,232,953
Grazing and Cropland Lease Revenue	\$7,082,751	\$7,427,344	\$5,216,784	\$5,918,144	\$5,429,688
No. of Grazing and Cropland Leases	3570	n/a	n/a	n/a	n/a
Total Grazing and Cropland Lease Acres	8,831,088	8,821,283	8,858,692	8,848,591	8,871,714
Grazing and Cropland Revenue/Leased Acre	\$0.80	\$0.84	\$0.59	\$0.67	\$0.61
Price per AUM	\$3.86	\$4.07	\$2.71	\$3.19	\$2.88
Oil & Gas Lease Revenue	\$509,813,115	\$407,328,404	\$389,953,359	\$467,663,089	\$620,278,957
No. of Oil and Gas Leases	482	452	418	376	324
Acres of Oil and Gas Leases	131,573	131,334	125,180	101,721	100,777
Oil and Gas Revenue/Leased Acre	\$3,874.75	\$3,101.47	\$3,115.14	\$4,597.50	\$6,154.97
Mineral Revenue	\$6,992,516	\$17,682,615	\$11,104,227	\$12,159,202	\$14,546,914
No. of Mineral Leases	220	191	196	184	174

Table 3. Five Year Summary of Revenues, Expenditures, Employment and Output: New Mexico State Trust Lands

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Acres of Mineral Leases	157,453	152,507	169,574	183,811	186,738
Mineral Revenue/Leased Acre	\$44.41	\$115.94	\$65.48	\$66.15	\$77.90
Acres Sold	2,221	23	5	1,026	0
Land Sale Revenue ¹	\$5,703,844	\$1,486,000	\$399,766	\$1,506,864	\$1,567,500
Commercial Land Lease Revenue	\$10,202,036	\$6,659,785	\$4,695,741	\$4,194,000	\$6,981,637
No. of Commercial Land Leases	975	782	663	781	n/a
Acres of Commercial Land Leased	n/a	403,622	104,790	377,976	n/a
Commercial Land Lease Revenue/Leased Acre	n/a	\$16.50	\$54.35	\$11.10	n/a

Source: New Mexico State Land Office, *Annual Reports*, 2008 through 2012 and correspondence from New Mexico State Land Office dated January 13, 2014.

Table 4. Five Year Summary of Revenues, Expenditures, Employment and Output: Utah State Trust Lands

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$151,127,806	\$138,258,000	\$115,281,400	\$121,730,413	\$129,341,802
Operating Expenditures	\$9,119,310	\$9,537,848	\$8,586,066	\$9,005,048	\$9,626,919
Capital Expenditures	\$10,134,997	\$13,603,453	\$12,287,299	\$1,845,689	\$2,594,791
Total Expenditures	\$19,254,307	\$23,141,301	\$20,873,365	\$10,850,735	\$12,221,710
Net Revenue	\$131,873,499	\$115,116,699	\$94,408,035	\$110,879,678	\$117,120,092
Total Acres	3411514	3407235	3404635	3402250	3402250
Revenue/Acre	\$44.29	\$40.57	\$33.86	\$35.77	\$38.01
Operating Expense/Acre	\$2.67	\$2.79	\$2.52	\$2.64	\$2.82
Net Revenue/Acre	\$38.65	\$33.78	\$27.72	\$32.59	\$34.42
Total FTEs	66	68	74	72	71
Acres/FTE	51689	50106	46008	47253	47919
Revenue/FTE	\$2,289,815	\$2,033,205	\$1,557,856	\$1,690,700	\$1,821,715
Operating Expense/FTE	\$138,171	\$140,262	\$116,027	\$125,070	\$135,590
Net Revenue/FTE	\$1,998,083	\$1,692,892	\$1,275,784	\$1,539,995	\$1,649,578
Surface Management Revenues	\$10,134,011	\$9,367,000	\$7,466,700	\$8,757,392	\$8,641,248
Land Development Revenue	\$25,027,069	\$4,427,000	\$3,900,900	\$3,912,295	\$4,459,300
Oil & Gas Lease Revenue	\$76,570,137	\$75,412,000	\$56,269,400	\$60,909,236	\$59,129,505
Coal and Other Mineral Revenue	\$81,908,639	\$20,965,000	\$21,116,200	\$18,619,526	\$16,784,842
Investment Revenue	\$41,797,898	\$32,546,300	\$26,528,200	\$29,528,681	\$40,303,434
Land Sale Revenue	\$24,104,025	\$3,301,582	\$3,059,599	\$3,145,089	\$3,537,238
Acres of Land Sold	6,835	6,573	1,153	2,385	309

Source: Utah School and Trust Land Administration, *Annual Reports*, 2008 through 2012 and email from Diane Lund, Utah State School and Trust Land Administration dated January 28, 2014.

Table 5. Observed High, Low and Five Year Average, 2008-2012 – Arizona State Trust Lands

	Observed High	Observed Low	5-Year Average
Revenues	\$382,385,591	\$155,429,218	\$237,677,035
Expenses	\$23,880,660	\$13,455,900	\$16,808,652
Net Revenue	\$364,296,891	\$131,548,558	\$220,868,383
Total Acres Managed	9,302,255	9,252,495	\$9,266,468
Revenue/Acre	\$41.00	\$16.78	\$24.85
Expense/Acre	\$2.58	\$1.45	\$1.81
Net Revenue/Acre	\$39.00	\$14.00	\$23.68
Total FTEs	175	124	155
Acres/FTE	74,616	52,910	60,569
Revenue/FTE	\$2,185,060	\$1,253,461	\$1,522,220
Expense/FTE	\$155,069	\$81,609	\$109,192
Net Revenue/FTE	\$2,210,321	\$854,211	\$1,413,027
Grazing Revenue	\$2,559,337	\$2,390,769	\$2,445,860
No. Grazing Leases	1,247	1,224	1,241
Total Grazing Acres	8,408,033	8,368,575	8,393,381
Grazing Revenue/Acre Grazed	\$3.00	\$3.00	\$3.00
Price per AUM	\$2.41	\$2.23	\$2.30
Agriculture Lease Revenue	\$4,944,449	\$4,201,575	\$4,487,694
No. of Agriculture Leases	387	347	366.8
Agriculture Acres Leased	170,487	156,575	162,715
Revenue/Leased Agricultural Acre	\$30.00	\$24.00	\$27.00
Oil & Gas Lease Revenue	\$1,614,618	\$399,937	\$925,624
No. of Oil & Gas Leases	519	204	369
Oil & Gas Acres Leased	1,004,792	330,833	681,742
Oil & Gas Lease Revenue/Leased Acre	\$3.17	\$0.70	\$1.48
Mineral Lease Revenue	\$2,800,008	\$719,000	\$1,516,929
No. of Mineral Leases	1091	475	689
Mineral Acres Leased	526,017	179,273	299,761
Mineral Lease Revenue/Leased Acre	\$14.00	\$2.00	\$5.40
Oil, Gas and Mineral Royalty Revenue	\$39,756,402	\$2,562,652	\$18,900,395
Oil, Gas and Mineral Royalty Revenue/Acre Leased	\$46.39	\$2.16	\$21.81
Acres Sold	9,600.44	918.36	3,898.76
Land Sale Revenue	\$125,997,000	\$19,151,000	\$88,231,707
Land Sale Revenue/Acre Sold	\$63,177	\$12,487	\$33,417

Source: Calculated from data in Table 1.

Table 6. Observed High, Low and Five Year Average; 2008-2012 – Idaho Trust Lands

	Observed High	Observed Low	5 Year Avg.
Revenues	\$75,490,986	\$48,276,287	\$64,104,703
Expenses	\$23,854,935	\$20,161,083	\$22,214,968
Net Revenue	\$55,329,903	\$25,591,016	\$41,889,735
Total Acres	2,446,335	2,449,255	2,450,355
Revenue/Acre	\$30.00	\$19.00	\$25.40
Expense/Acre	\$9.00	\$6.00	\$8.60
Net Revenue/Acre	\$22.00	\$10.00	\$16.60
Total FTEs	264	259	262
Acres/FTE	9,453	9,266	9,345.6
Revenue/FTE	\$285,950	\$182,864	\$244,574
Expense/FTE	\$92,103	\$76,367	\$84,768
Net Revenue/FTE	\$209,582	\$96,935	\$159,805
Grazing Revenue	\$1,878,863	\$1,439,217	\$1,588,969
Grazing Leases	1,222	1,165	1,194
Total Grazing Acres	1,786,774	1,773,249	1,77,9975
Grazing Revenue/Acre Grazed	\$1.05	\$0.81	\$0.89
Price per AUM	\$5.25	\$5.12	\$5.17
Ag Land Lease Revenue	\$399,696.00	\$270,371.00	\$311,432
No. of Agriculture Leases	77	67	72.6
Agriculture Acres Leased	20,264	18,329	19,128
Revenue/Leased Agricultural Acre	\$21.78	\$13.72	\$16
Residential and Comm. Land Lease Revenue	\$9,078,044	\$6,554,179	\$7,280,466
No. of Residential and Comm. Land Leases	747	672	696
Acres of Residential and Comm. Lease	17,116	16,435	16,738
Revenue/Residential and Comm. Acre	\$543.72	\$382.94	\$435.30
Timber and Forest Products Revenue	\$61,765,964	\$36,303,906	\$50,672,473
Acres of Forest Managed	977,529	971,613	975,051
Revenue/Acre of Forest Managed	\$63.57	\$37.14	\$52
Mineral, Oil and Gas Revenue	\$4,661,921	\$2,814,511	\$3,765,383
No. of Mineral, Oil and Gas Leases	465	425	444
Acres of Mineral, Oil and Gas Leases	123,234	102,500	114,276
Revenue/Acre of Mineral, Oil and Gas Acre	\$34.91	\$24.56	\$30.96

Source: Calculated from data in Table 2.

Table 7. Observed High, Low and Five Year Average; 2008-2012 - New Mexico Trust Lands

	Observed High	Observed Low	5-Year Average
Revenue	\$652,347,910	\$420,276,400	\$528,912,986
Expense	\$13,236,000	\$12,948,500	\$13,103,300
Net Revenue	\$639,111,910	\$407,300,500	\$515,809,686
Total Surface Acres	8,976,373	8924620	8963363
Total Subsurface Acres	12690442	12,683,592	12,687,694
Revenue/Surface Acre	\$72.75	\$46.82	\$59.01
Expense/Surface Acre	\$1.48	\$1.44	\$1.46
Net Revenue/Surface Acre	\$71.28	\$45.37	\$57.55
Revenue/Subsurface Acre	\$51.43	\$33.11	\$41.68
Expense/Subsurface Acre	\$1.04	\$1.02	\$1.03
Net Revenue/Subsurface Acre	\$50.39	\$32.09	\$40.65
Total FTEs	155	151	153
Surface Acres/FTE	59,428	57,578	58,592
Revenue/FTE	\$4,320,184	\$2,746,904	\$3,458,791
Expense/FTE	\$85,751	\$85,393	\$85,023
Net Revenue/FTE	\$4,311,461	\$2,662,094	\$3,373,142
Grazing and Cropland Lease Revenue	\$7,427,344	\$5,216,784	\$6,214,942
Total Grazing and Cropland Lease Acres	8,871,714	8,821,283	8,846,273
Grazing and Cropland Revenue/Leased Acre	\$0.84	\$0.59	\$0.70
Price per AUM	\$4.07	\$2.71	\$3.34
Oil & Gas Lease Revenue	\$620,278,957	\$389,953,359	\$479,007,385
No. of Oil and Gas Leases	482	324	410
Acres of Oil and Gas Leases	131,573	100,777	118,117
Oil and Gas Revenue/Leased Acre	\$6,154.97	\$3,101.47	\$4,168.77
Mineral Revenue	\$17,682,615	\$6,992,516	\$12,497,095
No. of Mineral Leases	220	174	193
Acres of Mineral Leases	186,738	152,507	170.116
Mineral Revenue/Leased Acre	\$115.94	\$44.41	\$73.98
Acres Sold	2221	0	665
Land Sale Revenue	\$5,703,844	\$399,766	\$2,132,795
Commercial Land Lease Revenue	\$10,202,036	\$4,194,000	\$6,546,640
No. of Commercial Land Leases	975	663	800 ^a
Acres of Commercial Land Leased	403,622	104,790	295,463 ^b
Commercial Land Lease Revenue/Leased Acre	\$54.35	\$11.10	\$27.31 ^b

a/ Four year average.

b/ Three year average.

Source: Calculated from data in Table 3.

Table 8. Observed High, Low and Five Year Average; 2008-2012 – Utah Trust Lands

	Observed High	Observed Low	5-Year Average
Revenues	\$151,127,806	\$115,281,400	\$131,147,884
Operating Expenditures	\$9,626,919	\$8,586,066	\$9,175,038
Capital Expenditures	\$13,603,453	\$1,845,689	\$8,093,246
Total Expenditures	\$23,141,301	\$10,850,735	\$17,268,284
Net Revenue	\$131,873,499	\$94,408,035	\$113,879,601
Total Acres	3,411,514	3,402,250	3,405,577
Revenue/Acre	\$44.29	\$33.86	\$38.50
Operating Expense/Acre	\$2.82	\$2.52	\$2.69
Net Revenue/Acre	\$38.65	\$27.72	\$33.43
Total FTEs	74	66	70
Acres/FTE	51,689	46,008	48,595
Revenue/FTE	\$2,289,815	\$1,557,856	\$1,878,658
Operating Expense/FTE	\$140,262	\$116,027	\$131,024
Net Revenue/FTE	\$1,998,083	\$1,275,784	\$1,631,266
Surface Management Revenues	\$10,134,011	\$7,466,700	\$8,873,270
Land Development Revenue	\$25,027,069	\$3,900,900	\$8,345,313
Oil & Gas Lease Revenue	\$76,570,137	\$56,269,400	\$65,658,056
Coal and Other Mineral Revenue	\$81,908,639	\$16,784,842	\$31,878,841
Investment Revenue	\$41,797,898	\$26,528,200	\$34,140,903
Land Sale Revenue	\$24,104,025	\$3,059,599	\$7,429,507
Annual Acres of Land Sold	6,835	309	3,451

Source: Calculated from data in Table 5.

Table 9. Five Year Average Revenues, Expenditures and Employment In Selected States

	Arizona	Idaho	New Mexico	Utah
Revenues	\$237,677,035	\$64,104,703	\$528,912,986	\$131,147,884
Expenses	\$16,808,652	\$22,214,968	\$13,103,300	\$9,175,038
Net Revenue	\$220,868,383	\$41,889,735	\$518,809,686	\$113,879,601
Total Acres Managed	9,266,468	2,450,355	8,963,363	3,405,577
Revenue/Acre	\$24.85	\$25.40	\$59.01	\$38.50
Expense/Acre	\$1.81	\$8.60	\$1.46	\$2.69
Net Revenue/Acre	\$23.68	\$16.60	\$57.55	\$33.43
Total FTEs	155	262	153	70
Acres/FTE	60,569	9,346	58,592	48,595
Revenue/FTE	\$1,522,220	\$244,574	\$3,458,791	\$1,878,658
Operating Expense/FTE	\$109,192	\$84,768	\$85,023	\$131,024
Net Revenue/FTE	\$1,413,027	\$159,805	\$3,373,142	\$1,631,266

Source: Calculated from Tables 1 through 5.

Table 10. Five-Year Multi-State Observed High, Observed Low and Average for State Trust Lands in Arizona, Idaho, New Mexico and Utah; 2008-2012

	Observed High	Observed Low	Average
Revenues	\$652,347,910	\$48,276,287	\$240,460,652
Expenses	\$23,880,660	\$8,586,066	\$15,325,490
Net Revenue	\$639,111,910	\$25,591,016	\$223,111,851
Total Acres Managed	9,302,255	2,449,255	6,021,441
Revenue/Acre	\$72.40	\$16.78	\$36.79
Expense/Acre	\$9.00	\$1.45	\$3.73
Net Revenue/Acre	\$72.26	\$10.00	\$28.59
Total FTEs	264	66	160
Acres/FTE	74,616	9,266	44,275
Revenue/FTE	\$4,320,184	\$182,864	\$1,776,061
Expense/FTE	\$155,069	\$76,367	\$102,502
Net Revenue/FTE	\$4,311,461	\$96,935	\$1,644,310

Source: Data in Tables 1 through 5.

As shown in Table 10, estimated average revenue per acre during the past five years across the four states considered was \$36.79. This average compares to observed high and low revenues of

\$72.40 and \$16.78 per acre, respectively. State trust land management expenses in the four states averaged an estimated \$3.73 per acre during the period 2008 through 2012. During this same time frame, the observed high and low expense levels per acre were \$9.00 and \$1.45, respectively (see Table 10). The ranges of costs, revenues, employment and output presented in Tables 1 through 10 suggest bounding assumptions within which estimates of fiscal outcome associated with an expanded state land base in Nevada might be developed.

Estimated Costs and Revenues for an Expanded Nevada State Land Base

A primary objective of this study is the development of estimates of the potential costs and revenues which might attend Congressional transfer to, and management by, the State of Nevada of an expanded state land base comprising an assumed 4 to 5 million acres (as compared to the total current acreage of State-owned lands of approximately 196,000 acres, of which 3,000 are state trust lands). Information regarding the prospective fiscal viability of expanded state land ownership is essential to decision-makers who might now or may in the future deliberate upon the merits of pursuing a congressional transfer of federally administered land to Nevada.

The foregoing analysis of state land management agency costs and revenues for Arizona, Idaho, New Mexico and Utah provides a set of bounds within which assumptions about fiscal outcome associated with an expanded state land base in Nevada can be made. With regard to revenue potential, the state of Arizona is likely most analogous to Nevada due to the limited timber, coal and potentially limited oil and gas resources within Nevada (key revenue sources for Idaho, Utah and New Mexico, respectively). As was shown in Table 1, Arizona has also depended on the generation of significant revenues from the sale of limited acres of high-value state trust lands in the vicinity of the state's metropolitan areas (a situation which might be similar for Nevada and its Las Vegas and Reno/Sparks urban areas). On the expense side of the equation, the experience of Arizona may again be most comparable to Nevada given similar resource characteristics.

Table 11 provides a summary of estimated fiscal and operational outcomes associated with the assumed ownership by the State of Nevada of 4,000,000 acres of public land now managed by the BLM (i.e. a Phase I level of acreage to be transferred). In addition, a scenario is considered wherein all BLM administered land in Nevada excepting wilderness, National Conservation

Areas, National Monuments and other congressionally designated areas were transferred to Nevada totaling an estimated 43,000,000 of the approximate 48,000,000 acres of BLM administered land in Nevada.

Table 11. Estimated Net Revenue from Expanded State Land Ownership in Nevada Using Four State Net Revenue Models

	Value Applied ¹	Total Net Revenue Assuming 4,000,000 Acres of BLM Land Transferred to Nevada	Total Net Revenue Assuming 43,000,000 Acres of BLM Land Transferred to Nevada ²
Four State Average Net Revenue/Acre Model	\$28.59	\$114,360,000	\$1,229,370,000
Four State Low Observed Net Revenue and High Observed Expense/Acre Model	\$7.78	\$31,120,000	\$334,540,000

1/ Four State Average from Table 10; Four State Low Observed Net Revenue and High Observed Expense is the difference between Low Observed Revenue of \$16.78 per acre and High Observed Expense of \$9.00 per acre as shown in Table 10.

2/ BLM administers approximately 48 million acres in Nevada, assumed 43 million acre transfer excludes estimated acreages for designated wilderness, National Conservation Areas, National Monuments and other Congressionally designated areas.

As shown in Table 11, when the observed five-year average cost and revenue structure for each of the four states considered is applied to the assumed increased state land base in Nevada to 4,000,000 acres, annual net revenues ranging from \$31,120,000 to \$114,360,000 are indicated. Were the State of Nevada to receive title to 43,000,000 acres of land now administered by the BLM, the experience of other states in managing trust land suggests that net revenues ranging between \$334,540,000 and \$1,229,370,000 may be attainable. These estimates assume that the State of Nevada would manage its expanded land base as trust lands for sustainable net revenue maximization similar to management of state trust lands in Arizona, Idaho, New Mexico and Utah. It is important to note that the BLM's land management mandate is not currently focused at net revenue maximization.

Table 12 suggests that 54 to 143 FTEs might be required to provide management capabilities for an expanded 4,000,000 acre state land base in Nevada. Economies of scale would suggest that as the total land area to be managed increases, the number of acres per FTE to be managed would also increase. As with revenues and expenses, the actual number of FTEs required for

administration of an expanded state land base in Nevada would be largely dependent upon land management policies adopted by the state.

Table 12. Estimated Full Time Equivalent (FTEs) Required to Manage Expanded State Land Ownership in Nevada Using Four State FTE Models

	Value Applied ¹	Total FTEs Required Assuming 4,000,000 Acres of BLM Land Transferred to Nevada	Total FTEs Required Assuming 43,000,000 Acres of BLM Land Transferred to Nevada ¹
Four State Average Acres/ FTE Model	44,275	90	971
Four State High Observed Acres/FTE Model	74,616	54	576

1/ From Table 10.

As noted previously, several factors may serve to reduce the actual potential level of net profits or revenue which may be derived from an expanded state land base. Perhaps most important will be the natural resource characteristics of the lands themselves. As has been discussed, lands administered by the State of Idaho contain extensive commercial forests which contribute to high revenues per acre. New Mexico state lands include significant oil and gas resources which have fostered high revenue generation per acre. Likewise, Utah state lands contain fossil energy and mineral resources. While an expanded state land base in Nevada would likely contain mineralized areas and potential for fossil fuel production, the likelihood that such resources would be located within most of the 4,000,000 acres potentially transferred during a first phase or more so across the nearly 48 million acres now administered by BLM is not great. As a consequence, a significant (yet admittedly unknown) portion of the public lands in Nevada would not have the potential to generate net revenues of the magnitude observed for other states considered in this study.

Distribution of State Trust Land Management Net Revenues

As noted previously, the state lands considered for Arizona, Idaho, New Mexico and Utah in this report are managed as trust lands to achieve sustained maximum revenues with net revenues deposited into permanent trust funds established in each state. Each state then annually distributes net revenues and on a discretionary basis, permanent fund investment income, to

various state entity beneficiaries. Tables 13 through 16 show the various beneficiaries for each state and the amounts of net revenue and trust fund investment income distributed during 2012.

As shown in Tables 13 through 16, public K-12 education is the primary beneficiary of management of state trust lands in Arizona, Idaho, New Mexico and Utah providing 2012 funding to public primary and secondary education ranging from \$24 million in Idaho to \$544 million in New Mexico.

Table 13. Distribution of State Trust Land Net Revenue and Investment Income by Beneficiary - Arizona; 2012

	Trust Acres	Total Receipts (\$)
BENEFICIARIES		
Common Schools (K—12)‡	8,088,270.54	272,560,356.05
Normal Schools Grant	174,797.56	309,776.02
Agricultural & Mechanical Colleges	124,943.87	367,276.93
Military Institutes Grant	80,168.11	61,108.41
School of Mines Grant	123,254.09	555,363.13
University Land Code	137,906.42	1,874,540.22
University of Arizona (Act of 2/18/1881)	51,881.13	1,749,257.72
School for the Deaf & Blind	82,559.65	399,040.46
Legislative, Executive & Judicial Buildings	64,257.10	726,847.71
State Hospital Grant	71,248.39	851,716.17
Miners' Hospital Grant†	95,383.13	5,391,036.87
State Charitable, Penal, and Reformatory	77,228.58	6,634,465.60
Penitentiary Grant	76,110.72	1,475,846.60

† Miners' Hospital and Miners' Hospital 1929 combined

‡ Including County Bonds

Source: Arizona State Land Department, *Annual Report, 2012*.

Table 14. Distribution of State Trust Land Net Revenue and Investment Income by Beneficiary - Idaho; 2012

Beneficiaries	Total Receipts (\$)
Agricultural College	1,646,080
Capitol Permanent	(351,963)
Charitable Inst.	4,572,497
Normal School	627,308
Penitentiary Inc.	2,350,053
Public Schools	24,570,082
School of Science	2,470,613
State Hospital South	3,524,851
University of Idaho	2,985,127

Source: Idaho Department of Lands, *Annual Report*, 2012.

Table 15. Distribution of State Trust Land Net Revenue and Investment Income by Beneficiary - Idaho; 2012

Beneficiaries	Total Receipts (\$)
Common Schools	544,244,931
University of New Mexico	9,482,298
Saline Lands	81,470
New Mexico State University	2,955,919
Western New Mexico University	263,391
NM Highlands University	263,223
Northern New Mexico School	206,686
Eastern New Mexico University	630,158
NM Institute of Mining and Technology	1,558,074
NM Military Institute	23,094,438
Children, Youth and Families Dept.	73,496
Miner's Hospital	7,401,699
Behavioral Health Institute	2,986,671
State Penitentiary	11,416,378
School for the Deaf	11,635,495
School for the Visually Impaired	11,613,393
Charitable, Penal and Reform	5,193,081
Water Reservoirs	7,278,813
Rio Grande Improvements	1,557,121
Public Buildings	6,495,934
Carrie Tingley Hospital	23,669

Source: New Mexico State Land Office, *Annual Report*, 2012.

Table 16. Distribution of State Trust Land Net Revenue and Investment Income by Beneficiary – Utah; FY 2012

Beneficiaries	Total Receipts (\$)
Public Schools (K-12)	29,263,119
Miners' Hospital	1,700,000
University of Utah	1,356,385
Reservoirs	425,415
School for the Blind	263,391
School for the Deaf	74,314
State Hospital	476,199
Utah State University	312,058
Normal Schools	320,868
School of Mines	352,878
Youth Development Center	213,606
Public Buildings	5,702
Behavioral Health Institute	2,986,671
State Penitentiary	11,416,378
School for the Deaf	11,635,495
School for the Visually Impaired	11,613,393
Charitable, Penal and Reform	5,193,081
Water Reservoirs	7,278,813
Rio Grande Improvements	1,557,121
Public Buildings	6,495,934
Carrie Tingley Hospital	23,669
Total (Maintenance and Permanent Funds)	658,456,335

Source: Utah School and Trust Land Administration, *Annual Report*, 2012.

BLM Land Management Cost and Revenue Trends

This section of the report provides an overview of the revenues, expenditures, employment and output associated with BLM land management activities within the states of Nevada, Arizona, Idaho, New Mexico, and Utah. This information is included to afford perspective on annual fiscal outcomes of existing BLM land management activities within the study area. Data for 2008 through 2012 was available for each of the five states included in this analysis. Tables 17 through 21 provide five-year summaries of cost, revenue, employment and output characteristics of BLM land management in each state. The tables reveal that BLM administers 2-3 times as much land in Nevada than does BLM in the other states considered. In Nevada, Arizona and Idaho, for each of five years between 2008 and 2012, expenses associated with BLM land management activities have exceeded revenues. BLM land management activities during this

same five-year period in New Mexico and Utah have generated net revenue (revenues have exceeded expenses). The ability of BLM to generate net revenue is largely a function of the oil and gas resources in New Mexico and coal resources in Utah.

Within each of the states revenues from royalties, rents and bonus payments for projects on BLM-administered lands sent to the Department of Interior's Office of Natural Resources Revenue (ONRR) from oil, gas, coal and geothermal energy generation are a very significant component of total revenues generated exceeding non-ONRR revenue sources in Idaho, New Mexico and Utah and roughly equaling non-ONRR revenues sources in Nevada,. In Arizona non-ONRR revenue sources greatly exceed ONRR revenue for BLM. Within Nevada, oil and gas related ONRR revenues represent approximately 75 percent of total ONRR revenues from BLM-administered land. The current and prospective significance of the oil and gas industry to an expanded State of Nevada land base is demonstrated by the ONRR revenue data shown in Table 17. Land sales (primarily associated with the Southern Nevada Public Land Management Act) have contributed roughly one-third of non-ONRR land management revenues by BLM in Nevada. Rights-of-way rent are the second most significant non-ONRR revenue source for BLM Nevada. Combined, realty-related land management provided an estimated 70 to 80 percent of BLM Nevada non-ONRR revenues during the years 2008 through 2012. Recreation fees represent the third most important source of non-ONRR revenue for BLM in Nevada growing from \$2.7 million in 2008 to \$3.8 million in 2011 before falling in 2012 to \$3.6 million. During the period 2008 through 2012, BLM Nevada collected more in recreation fees than any of the other four state BLM programs considered.

Tables 17 reveals that employment levels (FTEs) for BLM statewide in Nevada have risen from 697 in 2008 to 745 in 2012, an increase of nearly 7 percent. Tables 18 through 21 suggest that BLM statewide employment levels (FTEs) in the states of Arizona, Idaho, New Mexico and Utah have stayed fairly constant during the same five-year period.

Table 17. BLM Nevada Five Year Revenues, Expenditures and Employment, 2008 - 2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	5-Yr. Avg.
Revenue Non-ONRR	\$47,456,580	\$27,170,048	\$26,463,030	\$23,882,418	\$25,114,972	\$30,017,409
ONRR Revenue	\$30,717,807	\$39,683,895	\$26,151,969	\$17,281,366	\$20,891,112	\$26,945,229
Total Revenue	\$78,174,387	\$66,853,943	\$52,614,999	\$41,163,784	\$46,006,084	\$56,962,639
Expense	n/a	\$97,657,000	\$109,657,000	\$108,379,000	\$108,142,000	\$84,767,000
Net Revenue	n/a	-\$30,803,057	-\$57,042,001	-\$67,215,216	-\$62,135,916	-\$31,118,015
Total Acres Managed	47,808,114	47,806,738	47,805,923	47,7940,96	47,783,458	47,799,665
Revenue Per Acre Managed	\$1.64	\$1.40	\$1.10	\$0.86	\$0.96	\$1.19
Expense Per Acre Managed	n/a	\$2.04	\$2.29	\$2.27	\$2.26	\$1.77
Net Revenue Per Acre Managed	n/a	-\$0.64	-\$1.19	-\$1.40	-\$1.30	-\$0.91
Total FTEs	697	701	755	786	790	745
Acres Managed Per FTE	68,591	68,198	63,319	60,806	60,485	64,279
Grazing Revenue	\$1,736,900	\$1,718,401	\$1,713,409	\$1,937,754	\$1,886,517	\$1,798,596
No. of Grazing Authorizations	516	555	536	570	555	546
AUMs Authorized	1,133,094	1,138,147	1,138,171	1,333,346	1,291,610	1,206,873
Price per AUM	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35
Timber Revenue	\$22,405	\$30,665	\$29,078	\$26,581	\$27,267	\$27,199
Oil, Gas and Geothermal Lease Revenue (BLM)	\$1,245,616	\$167,828	\$642,010	-\$174,777	\$1,039,054	\$583,946
Sale of Land and Minerals (SNPLMA sales Included)	\$35,120,737	\$14,520,137	\$14,795,398	\$9,702,808	\$10,649,922	\$16,957,800
Fees and Commissions	\$3,560	\$2,577	\$2,998	\$2,314	\$1,302	\$2,550
Rights of Way Rent	\$5,398,217	\$7,030,419	\$6,322,440	\$7,461,663	\$7,742,420	\$6,791,031
Rent of Land	\$1,155,870	\$1,165,915	\$213,145	\$1,034,525	\$118,502	\$737,591
Recreation Fees	\$2,743,664	\$2,530,780	\$2,741,286	\$3,874,883	\$3,641,559	\$3,106,434
Other Revenue	\$29,611	\$3,326	\$3,266	\$16,667	\$8,429	\$12,259

Sources: ONRR Revenue date from Department of Interior, Office of Natural Resources Revenue, *Annual Revenue Reports*, 2008-2012; Expense and FTE data from BLM Nevada State Office, correspondence dated February 18, 2014 from Robert M. Scruggs, Deputy State Director, Support Services, response to FOIA request; all other data from U.S. Department of Interior, Bureau of Land Management, *Public Land Statistics*, annual reports 2008 – 2012.

Table 18. BLM Arizona Five Year Revenues, Expenditures and Employment, 2008 - 2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenue Non-ONRR	\$12,237,492	\$5,943,920	\$7,446,747	\$8,635,913	\$14,023,459
ONRR Revenue	\$539,904	\$514,999	\$55,204	\$29,773	\$11,650
Total Revenue	\$12,777,396	\$6,458,919	\$7,501,951	\$8,665,686	\$14,035,109
Expense	n/a	\$66,952,000	\$71,817,000	\$76,509,000	\$69,458,000
Net Revenue	n/a	-\$60,493,081	-\$64,315,049	-\$67,843,314	-\$55,422,891
Total Acres Managed	12,201,794	12,203,334	12,203,495	12,202,750	12,204,355
Revenue Per Acre Managed	\$1.05	\$0.53	\$0.61	\$0.71	\$1.15
Expense Per Acre Managed	n/a	\$5.49	\$5.88	\$6.27	\$5.69
Net Revenue Per Acre Managed	n/a	-\$4.96	-\$5.27	-\$5.56	-\$4.54
Total FTEs	465	475	471	435	430
Acres Managed Per FTE	26,240	25,691	25,910	28,052	28,382
Grazing Revenue	\$620,815	\$596,636	\$546,581	\$590,660	\$504,471
No. of Grazing Leases and Permits	763	764	766	470	767
AUMs Authorized	423,071	455,213	415,748	402,123	387,705
Price per AUM	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35
Timber Revenue	\$90	\$3,650	\$3,625	\$30	\$75
Oil, Gas and Geothermal Lease Revenue (BLM)	\$531,250	\$254,724	\$1,428,283	\$164,145	\$262,632
Sale of Land and Minerals	\$7,554,750	\$1,402,035	\$1,233,364	\$1,148,015	\$948,335
Fees and Commissions	\$126,759	\$1,180	\$816	\$2,193	\$931
Rights of Way Rent	\$1,679,194	\$2,094,864	\$2,508,901	\$4,883,467	\$10,596,072
Rent of Land	\$306,377	\$232,161	\$225,934	\$280,804	\$245,588
Recreation Fees	\$1,411,748	\$1,356,001	\$1,498,326	\$1,558,148	\$1,464,512
Other Revenue	\$6,509	\$2,669	\$917	\$8,451	\$843

Sources: ONRR Revenue date from Department of Interior, Office of Natural Resources Revenue, *Annual Revenue Reports*, 2008-2012; Expense data provided via email dated February 19, 2014 from John Ruhs, Acting Eastern States Director, Bureau of Land Management; all other data from U.S. Department of Interior, Bureau of Land Management, *Public Land Statistics*, annual reports 2008 – 2012.

Table 19. BLM Idaho Five Year Revenues, Expenditures and Employment, 2008 - 2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenue Non-ONRR	\$5,979,153	\$6,763,257	\$6,608,533	\$5,501,134	\$4,541,638
ONRR Revenue	\$2,521,701	\$3,463,524	\$8,290,725	\$9,486,028	\$10,063,299
Total Revenue	\$8,500,854	\$10,226,781	\$14,899,258	\$14,987,162	\$14,604,937
Expense	n/a	\$102,854,000	\$105,194,000	\$114,740,000	\$122,919,000
Net Revenue	n/a	-\$92,627,219	-\$90,294,742	-\$99,752,838	-\$108,314,063
Total Acres Managed	11,601,875	11,609,521	11,610,111	11,611,720	11,612,234
Revenue Per Acre Managed	\$0.73	\$0.88	\$1.28	\$1.29	\$1.26
Expense Per Acre Managed	n/a	-\$8.86	-\$9.06	-\$9.88	-\$10.59
Net Revenue Per Acre Managed	n/a	-\$7.98	-\$7.78	-\$8.59	-\$9.33
Total FTEs	687	714	717	714	718
Acres Managed Per FTE	16,888	16,259	16,193	16,263	16,173
Grazing Revenue	\$1,334,290	\$1,331,840	\$1,377,725	\$1,427,946	\$1,413,604
No. of Grazing Authorizations	1,579	1,577	1,629	1,660	1,655
AUMs Authorized	946,862	960,827	983,615	1,011,026	1,007,031
Price per AUM	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35
Timber Revenue	\$559,575	\$342,883	\$90,769	\$669,386	-\$42,598
Oil, Gas and Geothermal Lease Revenue (BLM)	\$44,949	\$369,119	\$42,856	\$48,153	\$76,028
Sale of Land and Minerals	\$2,180,304	\$2,399,643	\$3,001,075	\$437,872	\$231,337
Fees and Commissions	\$24,463	\$7,672	\$2,521	\$25,619	\$13,274
Rights of Way Rent	\$1,040,869	\$1,447,614	\$1,300,388	\$1,943,122	\$1,948,833
Rent of Land	\$43,035	\$45,359	\$37,426	\$31,357	\$37,996
Recreation Fees	\$719,090	\$813,772	\$746,334	\$905,063	\$786,507
Other Revenue	\$32,578	\$4,356	\$9,439	\$12,616	\$76,657

Sources: ONRR Revenue date from Department of Interior, Office of Natural Resources Revenue, *Annual Revenue Reports*, 2008-2012; Expense data provided via email dated February 19, 2014 from John Ruhs, Acting Eastern States Director, Bureau of Land Management; all other data from U.S. Department of Interior, Bureau of Land Management, *Public Land Statistics*, annual reports 2008 – 2012.

Table 20. BLM New Mexico Five Year Revenues, Expenditures and Employment, 2008 - 2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenue Non-ONRR	\$10,795,790	\$9,286,446	\$10,825,377	\$11,366,909	\$12,624,358
ONRR Revenue	\$1,327,527,005	\$673,677,762	\$801,524,111	\$895,771,811	\$959,530,589
Total Revenue	\$1,328,622,795	\$682,964,208	\$812,349,488	\$907,138,720	\$972,154,947
Expense	n/a	\$100,056,000	\$108,569,000	\$104,851,000	\$104,245,000
Net Revenue	n/a	\$582,908,208	\$703,780,488	\$802,287,720	\$867,909,947
Total Acres Managed	13,367,920	13,476,982	13,484,405	13,484,412	13,465,922
Revenue Per Acre Managed	\$99.39	\$50.68	\$60.24	\$67.27	\$72.19
Expense Per Acre Managed	n/a	\$7.42	\$8.05	\$7.76	\$7.74
Net Revenue Per Acre Managed	n/a	\$43.26	\$52.19	\$59.51	\$64.45
Total FTEs	750	793	771	763	769
Acres Managed Per FTE	17,824	16,995	17,490	17,673	15,511
Grazing Revenue	\$1,995,324	\$2,049,322	\$2,029,180	\$2,064,872	\$1,959,097
No. of Grazing Authorizations	2,106	2,083	1,629	2,164	2,142
AUMs Authorized	1,455,019	1,484,129	1,488,824	1,506,494	1,433,721
Price per AUM	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35
Timber Revenue	\$24,811	\$34,761	\$38,384	\$53,824	\$48,137
Oil, Gas and Geothermal Lease Revenue (BLM)	\$1,501,705	\$2,691,528	\$3,390,761	\$2,640,656	\$3,109,833
Sale of Land and Minerals	\$4,839,435	\$1,758,865	\$2,612,474	\$3,815,706	\$4,297,665
Fees and Commissions	\$2,532	\$1,946	\$1,550	\$2,070	\$3,099
Rights of Way Rent	\$1,984,373	\$2,288,568	\$2,306,141	\$2,343,059	\$2,738,231
Rent of Land	\$12,449	\$10,036	\$13,806	\$20,831	\$6,612
Recreation Fees	\$448,602	\$451,071	\$431,980	\$422,656	\$461,802
Other Revenue	-\$13,441	\$349	\$1,101	\$3,235	-\$118

Sources: ONRR Revenue date from Department of Interior, Office of Natural Resources Revenue, *Annual Revenue Reports*, 2008-2012; Expense data provided via email dated February 19, 2014 from John Ruhs, Acting Eastern States Director, Bureau of Land Management; all other data from U.S. Department of Interior, Bureau of Land Management, *Public Land Statistics*, annual reports 2008 – 2012.

Table 21. BLM Utah Five Year Revenues, Expenditures and Employment, 2008 - 2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenue Non-ONRR	\$5,872,803	\$7,241,268	\$7,452,605	\$10,041,066	\$8,615,382
ONRR Revenue	\$377,642,287	\$237,004,752	\$299,171,102	\$304,348,687	\$330,496,620
Total Revenue	\$383,515,090	\$244,246,020	\$306,623,707	\$314,389,753	\$339,112,002
Expense	n/a	\$92,588,000	\$98,471,000	\$104,126,000	\$103,170,000
Net Revenue	n/a	\$151,658,020	\$208,152,707	\$210,263,753	\$235,942,002
Total Acres Managed	22,857,728	22,856,155	22,854,937	22,845,632	22,854,555
Revenue Per Acre Managed	\$16.79	\$10.69	\$13.42	\$13.76	\$14.84
Expense Per Acre Managed	n/a	\$4.05	\$4.31	\$4.56	\$4.51
Net Revenue Per Acre Managed	n/a	\$6.64	\$9.11	\$9.20	\$10.33
Total FTEs	712	729	712	722	713
Acres Managed Per FTE	32,104	31,353	32,100	31,642	32,054
Grazing Revenue	\$1,005,339	\$1,008,107	\$1,059,476	\$1,060,156	\$1,139,825
No. of Grazing Authorizations	1,230	1,232	1,185	1,218	1,252
AUMs Authorized	739,686	740,968	763,176	813,334	794,788
Price per AUM	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35
Timber Revenue	\$5,250	\$4,909	\$14,423	\$15,714	\$12,701
Oil, Gas and Geothermal Lease Revenue (BLM)	\$334,162	\$713,709	\$470,900	\$1,392,958	\$743,399
Sale of Land and Minerals	\$605,657	\$667,956	\$665,595	\$1,234,071	\$690,381
Fees and Commissions	\$2,441	\$3,764	\$2,213	\$1,975	\$2,563
Rights of Way Rent	\$1,061,757	\$1,873,063	\$2,485,579	\$3,413,346	\$2,933,515
Rent of Land	\$17,171	\$17,674	\$15,571	\$25,578	\$20,263
Recreation Fees	\$2,835,216	\$2,948,746	\$2,738,602	\$2,863,376	\$3,061,573
Other Revenue	\$5,810	\$3,340	\$246	\$33,892	\$11,162

Sources: ONRR Revenue data from Department of Interior, Office of Natural Resources Revenue, *Annual Revenue Reports*, 2008-2012; Expense data provided via email dated February 19, 2014 from John Ruhs, Acting Eastern States Director, Bureau of Land Management; all other data from U.S. Department of Interior, Bureau of Land Management, *Public Land Statistics*, annual reports 2008 – 2012.

Table 22. BLM NV, DOI ONRR and PILT Revenue Distribution to Nevada State and Local Governments

Revenue Source	2008	2009	2010	2011	2012
BLM NV Revenue Dist. to NV State/Local Govt.	\$5,447,044	\$2,136,862	\$2,560,635	\$1,465,948	\$1,725,963
DOI ONRR Revenue Dist. to NV State/Local Govt.	\$17,622,148	\$28,744,481	\$17,059,292	\$9,794,788	\$11,785,382
PILT Payment to Nevada	\$22,610,017	\$23,269,350	\$22,753,204	\$22,942,298	\$23,917,845
Total Payments BLM NV/ONRR/PILT Revenue Dist. To NV	\$45,679,209	\$54,150,693	\$42,373,131	\$34,203,034	\$37,429,190
Total Acres Managed by BLM BLM in Nevada	47,808,114	47,806,738	47,805,923	47,794,096	47,783,458
Total Revenue Dist. to NV State/Local Govt./Acre Managed	\$0.96	\$1.13	\$0.87	\$0.72	\$0.78

Sources: BLM NV Revenue, PILT and Acres Managed data from U.S. Department of Interior, Bureau of Land Management, *Public Land Statistics*, annual reports 2008 – 2012; ONRR Revenue data from Department of Interior, Office of Natural Resources Revenue, *Annual Revenue Reports*, 2008-2012.

Federal Government Distribution of Public Land Management Related Revenues to State and Local Government in Nevada

As shown in Table 22, the BLM, the Department of Interior Office of Natural Resources Revenue (ONRR) and the Congress (through Payments-in-Lieu-of-Taxes or PILT) annually distribute public land management related funding to the State of Nevada and its local governments. During the period 2008 through 2012 these payments have trended downward from \$45.6 million in 2008 to \$37.4 million in 2012. During this same period, these payments have ranged from a low of \$0.72 per acre to a high of \$1.13 per acre. This contrasts with potential earnings per acre for an expanded state land base in Nevada ranging from \$7.78 per acre to \$28.59 per acre

CONCLUSIONS

The foregoing analysis of state and federal land management agency revenue, cost, employment and output characteristics is useful in understanding prospective fiscal implications for an expanded state land base in Nevada. Although limited to four state land management entities and five BLM programs, the information contained in this report provides clear evidence of the potential for state land management activities to generate revenues in excess of expenses. Several caveats must be considered, however, when seeking to estimate prospective revenues and costs for an expanded state land base in Nevada.

First is the difference in physiographic characteristics between other states considered and those in Nevada. These differences concern both availability of non-renewable and renewable resources. As shown in Tables 5 through 8, timber, oil and gas, and minerals comprise the most significant contributors to state land revenues among states considered in this study. Nevada does not have any appreciable commercial forest resources. While the BLM in Nevada derives significant revenue from oil and gas resources in the state, the location of those resources under land which might be selected by the State of Nevada for transfer is uncertain. Mineral potential has been demonstrated by extensive mining activities within Nevada. The potential for additional mining development is considered good, but highly dependent upon market forces. For Nevada to derive the levels of net revenues per acre experienced in other states and estimated within this report for the State, extensive oil and gas and/or expanded mining activities would

likely be necessary. It is important to note that Nevada derived just over \$128 million in net proceeds mining taxes during 2012². If mining in the state were to be expanded significantly, owing to the availability of an expanded state trust land base, mining tax revenues might be significantly increased.

Second, the analysis of cost and revenue data included within this report does not explicitly consider differences in state land management policies between states and BLM. Results described within this report suggest that management policies do differ between states and between states and BLM. Table 5 reveals the significance of land sales as a revenue generating source, particularly in Arizona. This is comparable to the importance of land sale revenue to BLM in Nevada. During the past few years land sales and other realty related land use authorizations have accounted for an estimated 70 to 80 percent of BLM non-ONRR revenues in Nevada (see Table 17). If total revenues per acre of the magnitude estimated in this report are to be achieved through management of an expanded Nevada state land base, sales by the State of transferred lands previously identified by BLM for disposal will be required to bolster revenue generation potential and provide critical early sources of funding for management of an expanded state land base.

Coupled with this issue is the fact that these analyses do not account for trends in natural resource condition. States may be generating excess revenues at the expense of ecosystem condition. As a consequence the ability to sustain levels of revenue generation in the future may be challenged. Alternatively, states may be managing their natural resources in a manner consistent with sustained yield so as to fulfill their mandate to maximize net revenue on a sustained basis. Additional research into state land management policies and practices which have produced reported revenues is required.

What then do the analyses of state and BLM land management costs and revenues suggest with regard to the questions posed at the beginning of this report? Following is a brief answer to each of the previously stated questions.

² Nevada Department of Taxation, 2012-2013 Net Proceeds of Minerals Bulletin, Division of Local Government Services, June 24, 2013.

- 1) To what degree have other states been able to generate net revenues as a result of land management activities? **In each of the four states considered, during each of the past five years, annual net revenues ranging from \$10.00 to \$72.26 per acre have been achieved (see Table 10).**
- 2) What levels of revenue and expenditure have other states historically incurred in the management of lands? **During the past five years, average annual revenues across the four states considered in this analysis have ranged from \$16.78 to \$72.40 per acre. Expenditures have ranges from \$1.45 to \$9.00 per acre (see Table 10).**
- 3) What have been the major revenue sources from land management activities of other states? **Primary revenue sources from state land management activities include oil and gas, timber, land sales and mining.**
- 4) In the event the State of Nevada were successful in securing Congressional transfer of BLM administered land to the State, what is the potential for related land management revenues to exceed expenditures? **Based upon the experience of other states, it is very possible that revenues would exceed expenditures for administration of an expanded state land base in Nevada producing net revenues ranging between \$7.78 to \$28.59 per acre.**
- 5) How have other states distributed net revenues generated from state trust land management activities? **Net revenues and investment income are distributed by state trust land agencies in Arizona, Idaho, New Mexico and Utah to a designated set of beneficiaries with public K-12 education receiving the greatest amounts of funding.**
- 6) To what degree has the Bureau of Land Management been able to generate net revenues as a result of land management activities within selected states? **Of the BLM statewide land management programs assessed in this report, only the New Mexico and Utah BLM programs generated net revenue. Statewide, BLM land management activities in Arizona, Idaho and Nevada each expended more funds than revenue generated.**

7) To what extent does the federal government currently distribute public land management related revenues to the State of Nevada and her local governments? **During each of the past five years the federal government has distributed land management related revenue to Nevada state and local governments ranging from \$45.6 million in 2008 to \$37.4 million in 2012 or a low of \$0.72 per acre to a high of \$1.13 per acre managed by BLM in Nevada.**

8) What have been the major revenue sources from land management activities of the Bureau of Land Management? **Among the most significant revenue sources for BLM observed during the period of 2008 through 2012 were land sales, grazing, and royalties from oil, gas and minerals.**