F I S C A L I M P A C T R E P O R T

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SPONSOR McMillan **ORIGINAL DATE** 2/3/2015 **LAST UPDATED** 3/14/2015 **HB** 234

SHORT TITLE NMSU Water Resources Research Institute **SB**

ANALYST Hartzler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	**FY16**		
	$2,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		$2,000.0	$2,000.0	$4,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, Section 4J, Higher Education, New Mexico State University, Water Resources Research Institute
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Duplicates SB 156, NMSU Water Resources Research Institute
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SOURCES OF INFORMATION
LFC Files

Responses Received From
Higher Education Department (HED)
New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

House Bill 234 appropriates $2 million from the general fund to NMSU to support the Water Resources Research Institute (WRRI) to develop and maintain a statewide water assessment, water policy analysis and faculty and student water research grants at the state's universities and related water research, including water scarcity research applications, brackish water research, water resiliency research and produced and reused water resources.

FISCAL IMPLICATIONS

The appropriation of $2 million contained in this bill is recurring to the general fund. Any unexpended or unencumbered balance remaining at the end of FY16 shall not revert to the general fund. However, if this appropriation for WRRI is included in Section 4 of the General Appropriation Act, the funding will not revert to the general fund pursuant to legislative language governing that section.

In FY15, WRRI received nearly $3 million in funding to expand its research and work on behalf of statewide goals. Of this revenue, the program received over $300 thousand in general fund support, $500 thousand from the corrective action fund and $500 thousand from the attorney general's consumer settlement fund. Funding from the other state revenues sources support much of the nonrecurring research and studies that WRRI proposed for FY15.

The university requested $2 million of general fund support for this project as part of the HED's FY16 budget process to consider research and public service projects. The university reported that this funding would be sufficient to fund the following projects:

NMSU FY16 Request for Funding		
Complete statewide water assessment	$	565
Conduct brackish water research	$	350
Water research grants for faculty and students at NM universities	$	192
Hire a water policy analyst to conduct water policy studies	$	150
Hire a research applications scientist	$	150
Produce water research	$	300
Conduct water reuse research and water quality studies	$	75
Continue data acquisition	$	68
Aware the Water New MeXico Prize	$	150
Total (in thousands)	**$**	**2,000**

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See Attachment 1 for more detail on the proposed projects. In addition, NMSU states

> the current expansion request will help meet new water challenges, particularly associated with brackish water research, produced water analysis for new water sources, water reuse research and other water quality studies, and policy research and analysis as well as to continue the development of an integrated statewide water assessment that will address water scarcity and provide new tools for water management in New Mexico. NM WRRI has proven ability to coordinate efforts statewide. Faculty and staff researchers and students statewide at all levels of study will be able to conduct much needed water-related research as outlined…

HED did not request additional funding for this project in FY16, and neither did the Executive recommend funding for FY16. HB 2, as passed by the House and amended by the Senate Finance Committee, includes a total of $2.1 million for FY16, including a $619.3 thousand general fund appropriation, a 50 percent increase over the FY15 level, and $500 thousand from the consumer settlement action fund. If HB 234 and HB 2 are enacted, WRRI would receive more than $4 million in total funding, or $3.1 million in general fund support.

SIGNIFICANT ISSUES

According to NMSU,

> Created in 1963 to support the state's water research at NMSU, University of New Mexico and New Mexico Tech, WRRI has been a leader in water research in the West. It is also authorized as New Mexico's state water institute under the federal Water Resources Research Act in 1964. With the technical assistance of WRRI, the state's policy makers have designed water rights laws that set the standard for protecting and managing scarce water resources. Water managers and users throughout the state rely upon the institute for objective, timely scientific information, and new technologies for water management.
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> With FY 15 state funding, the NM WRRI is now developing a statewide water assessment. The statewide water assessment is a data resource and planning tool that provides easily accessible integrated data for precipitation, evapotranspiration, groundwater, recharge, surface flows, produced water, return flows, brackish groundwater, and reused water. The data will be used to develop system dynamics models with scenario testing for managing existing water and developing new water sources. The statewide water assessment is crucial to helping the state plan for a sustainable water future. It will deliver data for informed water management decisions that complements and augments the work of existing state agencies such as the Office of the State Engineer. NM WRRI cooperators on current related projects include New Mexico State University, University of New Mexico, New Mexico Tech (including the NM Bureau of Geological and Mineral Resources, and the Petroleum Recovery Research Center), Sandia National Laboratories, U.S. Geological Survey, and the NM Office of the State Engineer.

PERFORMANCE IMPLICATIONS

A November 2014 conference included reports on much of WRRI's research and coordinated efforts resulting from the FY14 and FY15 initiatives. The program reports annual measures on grants and projects completed with state funding. The program provided additional measures for the projects proposed should the program receive additional funds for FY16.

DUPLICATION

HB 234 is a duplicate of SB 156. In addition, WRRI receives recurring general fund and other appropriations in the General Appropriation Act.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMSU reports that the failure to continue funding a number of priorities will limit the effectiveness of research and data collection used to prepare, maintain, and update the state's water assessment.

TH/je