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FISCAL IMPACT REPORT

ORIGINAL DATE 2/3/16

SPONSOR Campos LAST UPDATED _____ HB _____

SHORT TITLE Update State & Regional Water Plans SB 160

ANALYST Armstrong

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$700.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$700.0	\$700.0	\$1,400.0	Recurring	Office of the State Engineer Operating Budget

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 254, SB 64, and HB 78
 Duplicates Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Response Received From

Office of the State Engineer/Interstate Stream Commission (OSE/ISC)

SUMMARY

Synopsis of Bill

Senate Bill 160 appropriates \$700 thousand from the general fund to the Interstate Stream Commission to (ISC) update the state and regional water plans in fiscal year 2017.

FISCAL IMPLICATIONS

The appropriation of \$700 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2015 shall revert to the general fund.

According to ISC meeting documents from June 9, 2015, the agency's FY16 operating budget includes \$720 thousand for water planning efforts; \$155 thousand of this is from general fund revenues and \$565 thousand is from the irrigation works construction fund. The House Appropriations and Finance Committee Substitute for House Bill 2 and House Bill 4 includes this funding for FY17.

SIGNIFICANT ISSUES

In 1987 the Legislature authorized ISC to grant funding and technical support to form 16 water planning regions to ensure an adequate supply of water. The regional water planning program was created to enable regions to locally assess water demand and supplies and identify solutions to meet future water needs. The Water Trust Board uses as a criterion for funding water projects under the Water Project Finance Act whether a proposal is included in an ISC-accepted regional water plan. The 16 regional water plans need continual updating to maintain their utility in equipping regions to respond to water management challenges such as recent floods and drought. The state has invested almost \$4 million to develop 16 regional water plans over the past twenty years. With those funds, the ISC developed a program of updating all 16 regional water plans and the State Water Plan sequentially. In fiscal year 2015, the legislature provided some funding to continue the updates.

Statute requires a review of the state water plan every five years to address long-term water planning and budgeting while maintaining short-term adaptability to address contingencies. The most recent review was performed in 2013. Because the state water plan must integrate the 16 regional water plans in a manner consistent with statewide priorities, ISC released a Regional Water Planning Handbook to provide consistency and accountability in updating regional water plans. In the summer of 2015, ISC staff and consultants worked with regional steering committees to facilitate and finalize draft plans. Finalized regional plans are expected in late 2016 with an updated state water plan anticipated in 2017.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Based on ISC's FY16 operating budget discussed above, the House Appropriations and Finance Committee Substitute for House Bill 2 and House Bill 4 includes \$720 thousand for water planning in the agency's recurring operating budget for FY17. House Bill 254 and Senate Bill 64, duplicate bills, appropriate \$1.7 million to the New Mexico Institute of Mining and Technology. House Bill 78 appropriates \$400 thousand to the Water Resources Research Institute at New Mexico State University for an integrated statewide water assessment.

JA/jle/jo