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Recent Legislative Water Appropriations

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Roundup

The Legislature has increased the recurring budgets of the state's two water agencies cumulatively by $16.3 million over the last three years, or 31.2 percent, and has provided $1.1 billion in nonrecurring funding (including severance tax bond earmarks).

The past three years has seen targeted investment in the state's water management, protection, and the infrastructure that cleans and moves it. Two agencies principally manage the state's water quantity and quality: the Environment Department (NMED) and the Office of the State Engineer (OSE). Across the last three legislative sessions, NMED's general fund budget has grown by 45 percent, or $10.3 million, while OSE's general fund budget has grown by 20.9 percent, or $6 million. In addition to recurring increases, over the same three-year period, the agencies received, collectively, $188.5 million for water infrastructure, resources, protection, and management.

Beyond the state's water quality and management, other entities across the state also invest and manage the state's water. The New Mexico Institute for Mining and Technology received $7.5 million in the last legislative session to begin mapping the state's subsurface aquifers and groundwater. New Mexico State University received a total of $8 million in the last session for brackish desalination projects, and the Energy, Minerals and Natural Resources Department (EMNRD) received $8 million to be placed and then distributed from the state's supplemental land and water conservation fund. This nonrecurring funding is in addition to distributions from the legacy fund, which provides consistent recurring funding for multiple conservation programs, such as NMED's river stewardship program, Soil and Water Conservation Districts through the New Mexico Department of Agriculture, and EMNRD's forest and watershed projects.

The state also provides consistent nonrecurring funding through the New Mexico Finance Authority's Water Trust Board, who received $200 million the last session for water projects authorized by the legislature, a sum supplemented by $157.8 million in severance tax bond earmarks set aside for water trust board projects.

2025

Recurring

The Legislature increased the OSE recurring budget by $1.2 million to support district office lease increases and contract work related to implementation of the state's 50-year water plan. The Legislature also appropriated $1.5 million to OSE for salary increases to appropriately place workers in the pay structure in addition to 4 percent salary increase state employees will receive.

While NMED did not request a recurring budget increase, the Legislature supported the creation of a new division within the department. The Compliance and Enforcement Division will oversee enforcement of regulations, permits, and laws. Additionally, enactment of Chapter 112 from the 2025 legislative session placed "primacy" of surface and groundwater discharge in the control of the NMED's Water Protection Program, transitioning it away from federal to state control.

Nonrecurring

In the General Appropriation Act of 2025, the Legislature appropriated $328.3 million in nonrecurring funds for water management, litigation, infrastructure, planning, and quality during the 2025 legislative session. The $328.3 million in nonrecurring appropriations include:

New Mexico Environment Department

- $2 million for testing of well water for the group of chemicals known as PFAS;
- $1 million for sampling and analysis of drinking water contaminants;
- $15 million to the rural infrastructure loan program for low interest loans for water, wastewater, and solid waste projects; and
- $2.75 million for regionalization of water systems and development of a system operator workforce.

New Mexico Institute for Mining and Technology

- $2 million for implementation of the Water Data Act;
- $7.5 million for aquifer mapping and groundwater characterization; and

New Mexico State University

- $4 million for implementation of strategic water supply projects; and
- $4 million for acquisition of equipment related to desalination research.
- $5 million for grants to implement projects for agriculture and water conservation.

Energy, Minerals and Natural Resources Department

- $8 million appropriated to the state supplemental land and water conservation fund.

Office of the State Engineer

- $25 million to support Indian water rights settlement litigation and projects;
- $5 million for continued Rio Grande Compact litigation;
- $1 million for state regional water planning;
- $5 million for implementation of Water Security Planning Act and 50-year water plan;
- $500 thousand for replacement of the water administration technical resource system; and
- $500 thousand for modernization and replacement of real-time water measurement system.

New Mexico Finance Authority

- $200 million transferred to the water project fund for projects authorized by the Legislature in 2025 and 2026. The $200 million supplements the $157.8 million in severance tax bond earmarks funds available for the 2025 Water Trust Board grant cycle.

Strategic Water Supply

- $40 million placed into the newly created strategic water supply fund for brackish water desalination projects.

2024

Recurring

In the 2024 legislative session, NMED received $6.9 million, or 27.1 percent increase. Most of that increase, $5.7 million, funds agencywide pay raises to support appropriate placement. The remainder was used for NMED's building leases for office space. The OSE budget increased by $2.7 million, or 8.9 percent. The budget increases were targeted at program expansions across the agency for Water Security Planning Act implementation, active water resource management, and water infrastructure project funding and administration. The expansions related to water infrastructure were developed by OSE based on recommendations from the 2023 Water Policy and Infrastructure Task Force.

Nonrecurring

The $93.1 million in nonrecurring appropriations include:

New Mexico Environment Department

- $7 million to the water quality management fund for development, implementation, and administration of state surface- and groundwater permitting programs;
- $600 thousand to develop and implement a surface water discharge permitting program; and
- Reauthorization of $1 million for small water system regionalization.

Office of the State Engineer

- $20 million to support Native American water rights settlement litigation and projects;
- $5 million for water rights adjudication and hydrographic surveying;
- $500 thousand for operation and maintenance of water measurement and metering stations; and
- Reauthorization of $53 million in nonrecurring funding for a variety of projects, with the majority a reauthorization of $35 million for water supply augmentation and interstate litigation in the lower Rio Grande.

Department of Finance and Administration

- $5 million for sewer and water treatment in Grants
- $5 million to Local Government Division for wastewater treatment systems in Doña Ana County

New Mexico Finance Authority

- $50 million transferred to the water project fund for projects authorized by the Legislature in 2024 and 2025. The $50 million is in addition to the $115.7 million in severance tax bond earmarks funds available for the 2024 Water Trust Board grant cycle.

2023

Recurring

In the 2023 legislative session, the Legislature increased the general fund appropriations to NMED by $2.7 million, or 13.5 percent, to hire new people, contract with engineers for the water and resource protection divisions, and support hemp and cannabis permitting, monitoring, and enforcement operations. The OSE recurring appropriations increased by nearly $2.4 million, or 8.8 percent. The increase was principally intended to support the efforts of the Water Resource Allocation Program and Interstate Stream Commission's efforts to implement the 50-year water plan and the recommendations of the Water Policy and Infrastructure Task Force.

Nonrecurring

The $272.23 million in nonrecurring appropriations include:

Office of the State Engineer

- $1 million for planning, design, and construction of shoreline improvements to Ute reservoir and repairs to Ute dam;
- $2 million to the acequia and community ditch fund for planning, engineering, design, or construction of irrigation works on acequias or community ditches;
- $10 million for critical dam infrastructure and improvements statewide, with a $2.5 million carve-out for flood control near Hatch;

- $10 million to improve river flows into Elephant Butte and habitat restoration and low flow conveyance channel maintenance;
- $35 million for lower Rio Grande water supply augmentation (possible brackish water treatment and aquifer recharge projects) and support for interstate water litigation for Rio Grande Compact;
- $2 million for Pecos Compact Compliance, such as augmentation pumping and drought relief activities;
- $1.7 million to modernize and replace water rights adjudication tracking system;
- $500 thousand for 50-year water plan implementation and plan development;
- $7.5 million to the strategic water reserve to lease San Juan River water rights from Jicarilla Apache Nation and for the purchase of other water rights; and
- Reauthorization of $18.4 million across two previous nonrecurring appropriations, with the majority of it coming from a $15 million appropriation for fallowing in the middle Rio Grande.

New Mexico Environment Department

- $10 million for emergency drinking water programs, with $5 million earmarked for upgrades to drinking water systems in Grants;
- $10 million to the rural infrastructure revolving loan program for low interest loans for water, wastewater, and solid waste programs;
- $15 million for the eastern New Mexico water utility for the eastern New Mexico rural water system;
- $1 million to support water regionalization of small water systems;
- $680 thousand for a surface water discharge permitting program;
- $2.9 million to conduct activities to advance water reuse; and
- Reauthorization of $250 thousand to develop a surface water discharge permitting program.

New Mexico Institute for Mining and Technology

- $200 thousand to hold water education sessions; and
- $250 thousand to reach data-sharing standards in compliance with state's Water Data act.

Department of Finance and Administration

- $7.5 million for water supply infrastructure in Gallup, including repairing and replacing lead pipes.

Higher Education Department

- $55 million ($30 million from the general fund, $25 million from other state funds) to provide matching funds to state research universities to support applied research in multiple fields, one of them being water resources.

New Mexico Finance Authority

- $100 million transferred to the water project fund for projects authorized by the Legislature in 2023 and 2024. The $100 million is in addition to the $138.7 million in severance tax bond earmarks funds available for the 2023 Water Trust Board grant cycle.

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Water Research- Desalinization and Aquifer Mapping Opportunities

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Background

- New Mexico's has historically struggled with sustainable sources of water necessary to support existing cities, towns, and industries.
- The New Mexico Bureau of Geology estimates that average temperatures will increase by 5-7 degrees over the next 50 years and anticipate a 25-30 percent decrease in surface water availability.
    - The reduction in surface water will likely lead to increased dependence on groundwater sources. At the same time, the reduction in surface water will also reduce aquifer recharge.
- While there is a demonstrated shortage of water sources necessary for economic development, recent advances in water treatment technologies have the potential to unlock previously unusable sources of water.
- The Legislature has made significant investments in both identifying water sources and in developing the technology necessary to access these sources.

Mapping

- The Bureau of Geology, housed at New Mexico Tech, conducts research and analysis for characterizing the state's aquifers and monitors ground water levels.
    - The Bureau is a partner in the 50-year water action plan and has a goal to characterize all of the state's major aquifers by 2032 and map all aquifers by 2037.
    - Characterization will require both surface surveys and drilling of multiple monitoring wells throughout the state and will rely on data from existing wells in certain basins.

- Characterization of New Mexico's groundwater will likely require 100 monitoring wells to be drilled. The project is estimated to cost $175 million to complete and require appropriations of approximately $15 million per year from FY27 through FY37 with higher costs in the first four years.
    - The Legislature appropriated $7.5 million in nonrecurring funding for aquifer mapping in FY26. The financial plan submitted to the Legislature last session anticipated the need for $20 million per year from FY27-FY30.

Treatment

- Researchers at all of New Mexico's R1 institutions are working on water treatment programs using various technologies.
- Water treatment efforts can focus on wastewater from municipal systems to brackish and produced water from oil and gas drilling.
    - Treatment of waste and brackish waters have the potential to create significant savings through re-use as well as creating new water sources.
- The Legislature appropriated $4 million in nonrecurring funds to NMSU to support equipment purchase and facility improvements for water treatment programs.
    - Additionally, the Legislature increased recurring appropriations to the produced water consortium at NMSU from $130 thousand in FY24 to $2.2 million in FY26 to support treatment technologies, water reuse, and regulatory framework consultation among other services.
- Water treatment is also done in the private sector and can provide a value-added component to current treatment projects. For example, a private company is currently using treatment methods to remove chemicals from water treated at the Kay Baily Hutchinson desalinization plant.
    - Other treatment methods may produce valuable mineral byproducts in addition to treated water.

Summary of Nonrecurring Appropriations for Desalination and Aquifer Mapping
(in thousands)

Activity	Year	Amount	Agency	Purpose
Aquifer Mapping	2025	$7,500	NM Tech	For aquifer mapping
Aquifer Mapping	2024	$480	NM Tech	For mapping in Rio Arriba County. Three-year GRO appropriation.
Desalination	2025	$4,015	NMSU	For water treatment equipment.
Desalination	2025	$4,000	NMSU	For innovation, research, monitoring, support and development of strategic water supply, designed for brackish desalination projects.
Desalination	2025	$40,000	NMED	For strategic water supply, focused on projects for the desalination of brackish water
Desalination	2023	$35,000	OSE	brackish water treatment, aquifer recharge projects and compact litigation.
Total		$90,995		

Source: LFC Files