

September 22nd, 2026

Water Appropriation Bullets

Prepared By: Austin Davidson, LFC Analyst

Summary

- The Legislature has increased the recurring budgets of the state's two water agencies cumulatively by \$25.6 million over the last four years, or 48.9 percent, and has provided \$1.6 billion in nonrecurring funding (including severance tax bond earmarks).
- The past four 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 four legislative sessions, NMED's general fund budget has grown by 61.7 percent, or \$14.2 million, while OSE's general fund budget has grown by 38.9 percent, or \$11.4 million.
- The state also provides consistent nonrecurring funding through the New Mexico Finance Authority's Water Trust Board, which received \$100 million the last session for water projects authorized by the legislature. The \$100 million nonrecurring appropriation supplemented the \$182.5 million in severance tax bond earmarks set aside for water trust board projects.
- The investment into the state's water quality, quantity, and infrastructure, through recurring and nonrecurring funding, has resulted in improved recruitment and retention for both the state's main water agencies, as well as heightened understanding and protection of the state's surface and ground water quantities. The nonrecurring investment has also enabled the state to research and develop alternative water augmentation methods, as well as sustaining and protecting its conventional streams.
- As of September, only \$40.9 million of a possible \$277.2 million has been spent, leaving \$236.3 million or 85.3 percent to be invested.

Recent Investment

Recurring

- The Legislature increased recurring general fund appropriations to the Office of the State Engineer (OSE) by \$2.3 million, or 5.9 percent, for FY27. The budget increases will support district office leases increases, contract work for implementation of the 50-year water plan, additional Indian Water Rights settlement staff as well as staff for management of the Middle Rio Grande and funding for increased health and risk insurance premiums and DOIT rate increases.
- The Legislature increased the recurring general fund appropriations to the Environment Department (NMED) by \$2.2 million, or 6.2 percent for FY27. The Legislature prioritized covering the increases to health insurance premiums, as well as the projected risk insurance and DOIT rate increases. The Legislature funded the health insurance increases through increased general fund appropriations and funded the increased risk insurance and DOIT rates through corrective action fund utilization.

Nonrecurring

- In the General Appropriation Act of 2026, the Legislature appropriated \$264.2 million in nonrecurring funds for water management, litigation, infrastructure, and planning. The \$264.2 million in nonrecurring appropriations include:

- **New Mexico Environment Department**
 - \$35 million to the Strategic Water Supply Fund
 - \$10 million for the River Stewardship Program
 - \$10.8 million for wastewater infrastructure (across two appropriations)
 - \$4 million for public well testing
 - \$1.5 million to support the state's surface water permitting program
- **New Mexico Institute for Mining and Technology**
 - \$1 million for weather modification
 - \$22 million for aquifer mapping and groundwater characterization; and
- **University of New Mexico**
 - \$1.9 million for information technology systems related to water quality
- **New Mexico State University**
 - \$10 million for grants to implement projects for agriculture and water conservation.
 - \$1 million for soil and water conservation training
- **Office of the State Engineer**
 - \$22.5 million for implementation of the *Texas v. New Mexico* settlement
 - \$15 million to support Indian water rights settlement litigation and projects;
 - \$13 million to the Strategic Water Reserve
 - \$9 million for river channel conveyance in the middle Rio Grande
 - \$2.5 million to implement the Water Security Planning Act
 - \$2 million for Colorado River work and litigation
 - \$2 million for acequia infrastructure
 - \$1 million for weather modification
- **New Mexico Finance Authority**
 - \$100 million transferred to the water project fund for projects authorized by the Legislature in 2026 and 2027.
 - The \$100 million supplements the \$182.5 million in severance tax bond earmarks funds available for the 2026 Water Trust Board grant cycle.

Spent v. Unspent

- The investment into the state's water by the Legislature has been utilized to varying degrees of success, with some appropriations spent quickly while others have either not been invested yet or are waiting to be awarded.
 - *These figures only consider the nonrecurring investment to state agencies, not higher education institutions nor to the water project fund.*
- Of the \$128.3* million the legislature appropriated for FY27, roughly \$17.7 million has been spent in the first quarter, with \$110.6 remaining to be invested.
- Of the \$105.8* million the Legislature appropriated for FY26, roughly \$14.5 million has been spent, and \$91.3 million remains.
- Of the \$43.1* million appropriated for FY25, roughly \$34.4 million has been spent, and \$8.7 million remains.
- All told, of the \$277.2 million appropriated over the previous three legislative sessions for investments in the state's water quality, quantity, and infrastructure, \$40.9 million has been spent and \$236.3 million remains to be invested.