

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

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

SPONSOR: Smith DATE TYPED: 02/25/01 HB _____
SHORT TITLE: Public Utility Water Development Planning SB 443
ANALYST: Dotson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

New Mexico State University

SUMMARY

Synopsis of Bill

SB 443 provides the ability for a public utility to acquire and hold unused water rights in an amount greater than their needs within forty years.

Significant Issues

The bill places utilities serving non-incorporated areas on the same footing as municipalities, counties and others in the statute, for purposes of the 40-year planning horizon.

According to New Mexico State University, some customers, including institutions of higher education, may be served by public water utilities which do not supply water to municipalities or counties and which, therefore, are not currently subject to the existing statute. This bill would mandate that such public water utilities comply with the water development planning requirements of the statute. The effect of this bill would be to allow any developer served by a public utility the right to rely on the 40-year planning period of the public utility even though the development was neither a county nor municipality.

FISCAL IMPLICATIONS

An expanded number of 40-year water plans will be reviewed by the Interstate Stream Commission and the NM State Engineer. The additional review process may result in expanded expenditure of NM state funds by those agencies.

OTHER SUBSTANTIVE ISSUES

The competition for water resources will increase as the State's economy grows and changes. The ability for a public utility to provide a forty year plan to developers and potential business is important. However, control of water rights by public utilities which do not promote the public welfare, or are less than successful in achieving that goal, could be detrimental to the State's economic future.

According to New Mexico State University, beneficial use is required to hold water rights in NM. A question may arise whether a purely private utility, not serving as a municipal water supplier, or state university, could constitutionally be granted the power to acquire and hold water rights for a period of 40 years.

PD/njw:ar