

comply with its delivery obligations under interstate compacts, and that public confidence and support for water use efficiency and conservation are based on a reasonable balance of investments in water infrastructure and management.

Therefore, the Legislature enacted the Water Project Finance Act (Laws 2001, Chapter 164) establishing a Water Trust Fund Program, a Water Project Fund and a Water Trust Board. The purpose of the program is to provide grants and loans to political subdivisions and to provide for long-range planning and financing of regional and statewide water supply projects. The 2001 law authorized the NMFA to administer the grant and loan projects, however, the bill did not contain an appropriation for loans, grants or recovery of NMFA administrative costs. A 15-member Water Trust Board with broad representation of water interests and expertise was appointed and charged with prioritizing projects for recommendation to the Legislature. The NMFA Board approved the use of NMFA funds to support the first year of operations of the Water Trust Board. The Water Trust Board identifies water projects for funding that meet the criteria set forth in the legislation such as: storage, conveyance or delivery of water to end users, implementation of the Endangered Species Act collaborative programs, restoration and management of watersheds, and flood prevention.

FISCAL IMPLICATIONS

Based dated estimates from SIC a one percent distribution from the STPF would yield approximately \$30.0 million. Further information will be forthcoming in a revised FIR. It is likely that SIC will produce analysis showing that an increased distribution will erode the corpus of the fund.

SN/njw