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FISCAL IMPACT REPORT

SPONSOR: Cisneros DATE TYPED: 2/20/03 HB 554/aSCONC/aSCORC
 SHORT TITLE: Local Government Water Conservation Plans SB /aHFI#1/aHFI#2
 ANALYST: Chabot

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 202 on including water conservation measures in sub-division plans.

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)
 Office of the State Engineer (OSE)

SUMMARY

Synopsis of HFI Amendment #2

The House Floor Amendment # 2 to Senate Bill 554 as amended strikes all the Senate Conservation Committee amendments. It changes the requirement to submit a plan to the State Engineer to a “may” and extends the date for submittal to December 2005. It strikes subsections D and E covering material for a water conservation plan and inserts new material. In subsection D, municipalities and counties shall consider ordinances and codes to encourage water conservation. It provides eight possible measures to be considered. Subsection E requires a water conservation plan to reference the regional water plans in the area that have been accepted by the Interstate Stream Commission.

Synopsis of HFI Amendment #1

The House Floor Amendment # 1 to Senate Bill 554 as amended changes the requirement for municipalities and counties to consider ordinances and codes to encourage water conservation rather than making it mandatory. It also defines customers as other than agricultural and does not include Indian tribes, pueblos, nations, chapters or any entity of each.

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment to Senate Bill 554 specifically states the bill does not include Indian tribes, pueblos, nations, chapters or any entity of a tribe pueblo, nation or chapter.

Synopsis of SCONC Amendment

The Senate Conservation Committee amendment to Senate Bill 554 extends the period for covered entities to have comprehensive water conservation and drought management plans to December 31, 2004, and adds water reuse as a consideration to be included in the plans.

Synopsis of Original Bill

Senate Bill 554 enacts new statute in Chapter 3, Article 17 NMSA that requires covered entities adopt by ordinance comprehensive water conservation and drought management plans. Covered entities are defined as municipalities, counties, and any other person that supplies, distributes or otherwise provides at least five hundred acre-feet of water annually for domestic, commercial, industrial or government customers. Plans must be completed and submitted to the State Engineer not later than December 31, 2003. Plans must be consistent with regional water plans and accompanied by a program for implementation. The bill has nine items that have to be considered in developing the plans. Plans are to be developed with public comment. After July 1, 2004 neither the Water Trust Board nor the New Mexico Finance Authority will accept applications from covered entities unless it includes a copy of their water conservation plan.

Section 6-21-23 NMSA 1978 pertaining to the New Mexico Finance Authority is amended to require loan applications from covered entities received after July 1, 2004 be accompanied with a copy of the water conservation plan.

Section 72-4A-7 NMSA 1978 pertaining to the Water Trust Board is amended to require, except in an emergency, loan applications from covered entities received after July 1, 2004 be accompanied with a copy of the water conservation plan.

Significant Issues

The drought has brought water issues to the attention of leaders throughout the state. Snow pack and rainfall are considerably below average as is the water levels in most rivers and streams. 1,000 Friends of New Mexico estimates a 10 percent reduction in water use is achievable in municipalities through conservation measures outlined in this bill.

NMED also has loan programs for water projects managed by the Construction Programs Bureau. The agency states that it has a major role in funding wastewater treatment plants through the Clean Water State Revolving Loan program and the Rural Infrastructure Program. Provisions of this act should also apply to NMED.

OSE states that most entities will need assistance to prepare the plans and, while the agency can provide some assistance, the December 31, 2003 time frame for completion of plans maybe too short to develop effective plans. In addition, there is no review and approval process and plans will be accepted on an "as is" basis. A review and approval process should be required before

any loans can be made.

FISCAL IMPLICATIONS

There is no appropriation contained in this bill; however, covered entities and the applicable state agencies may have some additional expenses to implement the requirements of this bill.

ADMINISTRATIVE IMPLICATIONS

Requiring covered entities to submit a copy of their water conservation plans with each application will result in significant duplication of the same information. The LFC analyst recommends that a copy of the water conservation plan for covered agencies be kept on file by NMFA, WTD and NMED after the initial application is submitted after July 1, 2004. Future applications would reference the plan on file. Covered entities would be responsible for submitting plans as revisions occur.

OSE may need additional FTE to instruct entities on plan requirements and for review and acceptance of plans from the covered entities.

TECHNICAL ISSUES

NMED recommends page 3, line 5 be changed to read: "distribution system leak detection and repair" to require entities be required to activity seek leak detection programs.

On page 4, line 17 after "authority" insert "nor the New Mexico environment department".

Sections 74-6A-4 and 75-1-3 NMSA pertaining to the NMED load programs require similar language pertaining to the department as found in the proposed Section 6-21-23 H.

GAC/njw/l