NOTE: As provided in LFC policy, this report is intended only 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 for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR:	Aragon	DATE TYPED:	03/15/03	HB	
SHORT TITLE	E: Amend Water Project	et Finance Act		SB	841/aHENRC
		ANALYST:		Kehoe	

APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Office of State Engineer (OSE)
Environment Department (ED)
New Mexico Finance Authority (NMFA)
Energy, Minerals & Natural Resources Department (EMNRD)

SUMMARY

Synopsis of HENRC Amendment

House Energy & Natural Resources Committee amendments clarify that a "qualifying entity" includes a state agency; clarifies that qualified water projects must be authorized by the legislature; and inserts the term "qualifying entities" in lieu of "agencies or political subdivisions" where pertinent throughout the bill, thereby expanding the definition of a qualified entity to mean more than state agencies or political subdivisions.

Synopsis of Original Bill

Senate Bill 841 amends the Water Project Finance Act to expand the scope of permitted projects; expands the definition of a "political subdivision" and a "qualified entity"; and expands on the

Senate Bill 841/aHenrc -- Page 2

terms and conditions of grants or loans.

Significant Issues

Senate Bill 841 amends the Water Project Finance Act to:

- Expand the definition of a "political subdivision" to include water and sanitation districts or association organized and existing under the Sanitary Projects Act;
- Clarify the definition of a "qualifying entity" to include a political subdivision of the state or a recognized Indian nation, tribe or pueblo, the boundaries of which are located wholly or partially in New Mexico, thereby allowing these entities to receive direct financial assistance from the Water Trust Board;
- Expand the conditions of grants or loans to give priority to projects that are in a regional water planning area and are urgent to meet the needs of the area, and have matching contributions from federal or local funding sources available;
- Require that the appropriate state and federal permits and authorizations be obtained prior to initiating or funding the project;
- Clarify that "endangered species" means the "Federal Endangered Species Act of 1973;
- Authorize qualifying water projects to include conservation, recycling, treatment or reuse of water:
- Provide that the service area for a project is wholly within boundaries of the state; and
- Require that plans and specifications shall be approved by the Authority after review and recommendation of the State Engineer and Environment Department;

OTHER SUBSTANTIVE ISSUES

Enacted in 2001 (Chapter 164), the Water Finance Act created the Water Trust Board (WTB) for the purpose of making recommendations to the legislature and governor for financing projects to help meet New Mexico's water needs. WTB members include the state engineer as chairman; the president of the Navajo Nation; directors of the New Mexico Finance Authority, New Mexico Municipal League, New Mexico Association of Counties; secretaries of the Energy, Minerals & Natural Resources Department, Department of Agriculture, Department of Game and Fish, Department of Environment; and representatives of the Acequia Water Users, Irrigation or Conservancy Districts (ground water), the environmental community, and an appointee of the New Mexico Commission on Indian Affairs.

Current statute requires the WTB to consider water problems and solutions for storage, conveyance and deliver of water; implementation of the Endangered Species Act Collaborative Programs; restoration and management of watersheds; and flood prevention as a criterion for water projects to be considered for financial assistances from the Water Project Fund. Senate Bill 841 requires the WTB to include water use conservation, recycling, treatment or reuse of water as a criterion for qualifying for loans and grants.

TECHNICAL ISSUES

The Office of the State Engineer offers the following technical amendments to Senate Bill 841:

Senate Bill 841/aHenrc -- Page 3

- On page 3, line 17, change the word "has" to "have"
 On page 3, line 19, between the words "initiate" and "the", insert the word "complete"

LMK/njw:yr