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FISCAL IMPACT REPORT

SPONSOR Regensberg DATE TYPED 2/11/04 HB 506/aHAGC

SHORT TITLE Eagle Nest Water Rights Investigation SB _____

ANALYST Johnson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$40.0			Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Department of Finance and Administration
 Office of the State Engineer

SUMMARY

Synopsis of HAGC Amendment#1

House Agriculture and Water Resources Committee Amendment inserts the language “to determine the validity of the declared” on page 1, line 19 after “fees”. It appears as if the intention of this amendment is to address the concerns raised by the office of the state engineer. The office of the state engineer emphasized the village of Eagle Nest would be better served by determining the status of its existing water rights before seeking additional rights. If this is the true purpose of the amendment, then the language “for an investigation of additional” should be removed so the bill would read, “...to pay for legal fees to determine the validity of the declared water rights for the village of Eagle Nest.”

Synopsis of Orginial Bill

House Bill 506 appropriates \$40,000 from the general fund to the local government division of the department of finance and administration to pay for legal fees for an investigation of additional water rights for the village of Eagle Nest.

Significant Issues

The office of the state engineer provided the following:

The legislature has appropriated money to the village of Eagle Nest in the past for the investigation and/or purchase of additional water rights. The investigation did not locate any transferable water rights. The village does not need to acquire additional water rights, instead, the village needs to determine the status of its existing water rights. All municipalities and other water user entities incur legal and other costs in acquiring water rights for their current and future needs. The legislature may not want to set the precedent of appropriating money from the general fund to cover the legal fees incurred by a municipality in the acquisition of water rights.

The department of finance and administration provided the following:

The village is in a dire situation with regard to water rights. At this time the number of water rights owned by the village cannot support the current level of municipal use. In addition, the village must have access to a significant water supply for fire protection. Most 1st tier water rights are owned by ranching operations. The village owns only 2nd tier rights. In order to obtain enough water to support village use, the village must buy bulk rights to Eagle Nest lake, which is very costly. The village can no longer afford to purchase these bulk rights. Many municipalities in New Mexico, including Cimarron, Angel Fire and Red River, are in similar situations.

FISCAL IMPLICATIONS

The appropriation of \$40.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

CJJ/lg