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FISCAL IMPACT REPORT

SPONSOR	HENRC	DATE TYPED	03/14/05	HB	CS/1110/aHENRC/aHJC
SHORT TITI	L E Publi	c Peace, Health, Safety and	Welfare	SB	
			ANA	ALYST	Kehoe

APPROPRIATION

Appropriation	on Contained	Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
\$1,800.0			Indeterminate	Recurring	Water Project Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 271 and Senate Bill 186

SOURCES OF INFORMATION

LFC Files

Responses Received From
Office of the State Engineer (OSE)

SUMMARY

Synopsis of HJC Amendment

The House Judiciary Committee amendment to the House Energy and Natural Resources Committee substitute for House Bill 1110 requires that 20% of the money dedicated for water rights adjudications be allocated to the administrative office of the courts for the courts' costs associated with the adjudications. For FY 05, this would result in funding of \$360 thousand to the administrative office of the courts and \$1.44 million to the office of the state engineer.

Synopsis of HENRC Amendment

The House Energy and Natural Resources Committee amendment to HENRCS/HB 1110 clarifies that ten percent of the water project fund be dedicated "to the state engineer" for water rights adjudication.

House Bill CS/1110/aHENRC/aHJC -- Page 2

Synopsis of Original Bill

The House Energy and Natural Resources Committee Substitute for House Bill 1110 requires ten percent of the water project fund be dedicated to water rights adjudication.

Significant Issues

The 2001 Legislature created the Water Project Finance Act establishing a water trust board, water trust fund and water project fund for providing grants and loans to political subdivisions for specific statewide regional water supply projects requiring legislative authorization. The water project fund is created within and administered by the New Mexico Finance Authority. Laws of 2003 (Chapter 134) requires the Board of Finance to estimate by January 15 of each year the available severance tax bond capacity and to authorize 10 percent of the capacity for deposit into the water project fund to capitalize the fund for eligible projects. Statute defines eligible projects as: 1) for the storage, conveyance or delivery of water to end-users; 2) for the implementation of the Federal Endangered Species Act collaborative programs; 3) for the restoration and management of watersheds; 4) for flood control; or 5) for water conservation.

FISCAL IMPLICATIONS

HENRCS/House Bill 1110 proposes that ten percent of all water project funds be dedicated to water rights adjudications. The senior severance tax capacity for this year totals \$177.2 million which will yield \$17.7 million into the water project fund. Ten percent of the projected amount deposited into the water project fund for fiscal year 2005-06 would yield approximately \$1.8 million for purposes of this bill.

According to OSE, dedicating ten percent of the water project fund for water rights adjudication would create a continuous stream of funds available to OSE for the efficient and timely completion of adjudications within the state.

RELATIONSHIP

House Bill 271 authorizes NMFA to make loans and grants from the water project fund to 16 qualified entities for water projects.

Senate Bill 186, as amended, authorizes NMFA to make loans and grants from the water project fund to 18 qualified entities for water projects.

LMK/yr