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FISCAL IMPACT REPORT

SPONSOR Cervantes DATE TYPED 02-11-05 HB 491

SHORT TITLE Water Conservation Technical Assistance SB _____

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$500.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act.

Relates to SB396.

SOURCES OF INFORMATION

LFC Files

Responses Received From

- New Mexico Finance Authority (NMFA)
- New Mexico Commission on Higher Education (CHE)
- New Mexico Department of Agriculture (NMDA)
- Office of the State Engineer (OSE)
- Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Bill 491 – Making an Appropriation for Water Conservation and Natural Resource Restoration Technical Assistance – appropriates \$500,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 for soil and water conservation districts to match federal funds for water conservation and resource restoration technical assistance pursuant to an agreement with the United States Department of Agriculture Natural Resource Conservation Services. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues:

NMDA indicates this appropriation provides matching dollars for federal funds to provide New Mexico with technical service for the implementation of Farm Bill programs. New Mexico received approximately \$32 million in 2004 and the state should receive approximately the same amount of funding from the Farm Bill in 2005. Combined state and federal funding in the amount of just over \$1 million will keep 28 regular employees and 9 contract employees paid for one year. NMDA adds that this program assists in accomplishing watershed restoration and water conservation in New Mexico, and further that the federal dollars will not be available if the state does not match the federal appropriation.

OSE suggests that, although it is not clear which specific projects will be conducted with the funds, they could certainly benefit and relate to the activities and research conducted by the OSE, and therefore they should be closely coordinated with the OSE, and other appropriate agencies. EMNRD adds that this bill may indirectly benefit the Forestry Division's efforts to reduce hazardous forest fuel loads in and around at risk communities.

CHE notes that this program was appropriated \$75,000 of non-recurring funds in last year's legislative session. However, this request was not in the list of priority projects submitted by New Mexico State University to CHE for review. Accordingly, the request was not included in the commission's funding recommendation for FY06.

FISCAL IMPLICATIONS

The appropriation of \$500,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

New Mexico State University will retain oversight of this program.

CONFLICT, DUPLICATION, COMPANIONSHIP OR RELATIONSHIP

Relates to the appropriation for New Mexico State University in the General Appropriations Act.

Relates to SB396 in that SB396 seeks to appropriate \$570,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to match federal money for water conservation and natural resource restoration technical assistance pursuant to agreements with the United States Department of Agriculture's Natural Resources Conservation Service.

OTHER SUBSTANTIVE ISSUES

NMDA notes that the technical service provider program provides assistance to private landowners for water conservation measures and watershed/rangeland health improvements that are a part of the Farm Bill program and protect and enhance New Mexico's water, forest health, and watershed restoration goals as outlined in recent statewide planning efforts. Past appropriations have resulted in employment of 28 regular employees and 9 contract employees. Employment of

these individuals helps to build a cadre of qualified technical assistance providers, allowing the federal share of technical provider assistance dollars to be used to build capacity of New Mexico citizens rather than going to out of state contractors. This program also results in additional economic development opportunities that accrue as a result of program implementation.

OSE suggests that in discussions conducted by work groups of the New Mexico Drought Task Force, representatives from the OSE, the New Mexico Association of Conservation Districts, and the NMDA agreed that an emphasis should be placed on watershed management activities and monitoring work. The proposed research activities might benefit that intent, and therefore they should be coordinated with the OSE and the Governor's Drought Task Force.

BFW/lg