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## FISCAL IMPACT REPORT

SPONSOR McCoy DATE TYPED 02/17/05 HB 623

SHORT TITLE Carnuel Mutual Domestic Water Association SB \_\_\_\_\_

ANALYST Ford

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$275.0			Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

### SUMMARY

#### Synopsis of Bill

House Bill 623 appropriates \$275 thousand from the general fund to the local government division of the department of finance and administration for the purpose of acquiring water rights for the Carnuel mutual domestic water and wastewater consumers association in Bernalillo county.

#### Significant Issues

The OSE writes:

“The [Carnuel mutual domestic water and wastewater consumers association’s] well is located within the Rio Grande Underground Water Basin or more specifically in the middle Rio Grande region. It is known that groundwater in the area is connected to the surface water and all surface water is considered fully appropriated. Any new ground water appropriation in the region must be offset with valid water right so the Rio Grande stream system is kept whole.

“The Association is required to obtain a permit from the State Engineer, which transfers valid water rights to its well(s).

“According to Wilson et al. (2003), in 2000 the Carnuel MDWCA served a population of 35, and pumped 3.88 acre-feet of groundwater, a per capita usage of 99 GPCD.

“A recent (July/August 2003) article in Southwest Hydrology reported that prices for water rights in the middle Rio Grande region have risen to more than \$4,000/acre-foot (AF). The same article reported a mean price of \$4,250/AF for water rights in New Mexico in 2001. Per City officials, Albuquerque currently offers between \$ 5,000 per acre-foot and \$ 6,000 per acre-foot for consumptive use rights. Assuming a price of \$5,500 per acre-foot, and assuming no other costs are involved, the proposed appropriation would fund the purchase of 50 acre-feet of consumptive use rights. At current use rates (99 GPCD), this would provide water for a population of approximately 450.

“Although the amount requested may be excessive for the needs of the Association, this may not be a major problem because unexpended funds would revert to the general fund at the end of the fiscal year. However, encumbrance of the funds during FY06 would make them unavailable for other projects that may have a higher priority and/or greater need.”

### **FISCAL IMPLICATIONS**

The appropriation of \$275 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 06 shall revert to the general fund.

### **OTHER SUBSTANTIVE ISSUES**

According to OSE, wells in the Carnuel area, including numerous domestic wells, produce from a fractured granite aquifer that is generally marginal as a source of supply. Future water availability in the area is likely to be limited by physical (aquifer) constraints and impairment issues.

EF/yr