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FISCAL IMPACT REPORT

SPONSOR Campos DATE TYPED 1/27/2005 HB _____

SHORT TITLE Water Trust Board Members and Projects SB 239

ANALYST Aguilar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				Water Project Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to: SB132, SB139, SB186 & HB271

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)

Energy, Minerals & Natural Resources department (EMNRD)

Office of the State Engineer (OSE)

SUMMARY

Synopsis of Bill

Senate Bill 239 makes technical corrections to the language which designates the members and designees of the Water Trust Board (WTB).

SB 239 adds a sixteenth member to the WTB which would be “the executive director of the New Mexico association of conservation districts or the executive director’s designee;”

SB 239 amends the existing statute to provide that: “Twenty-five percent of all water project funds shall be dedicated to forest and watershed restoration projects.

Significant Issues

The current Water Project Finance Act defines the following five categories or types of projects as being eligible for funding:

1. the storage, conveyance or delivery of water to end-users;
2. the implementation of Federal Endangered Species Act collaborative programs;
3. the restoration and management of watersheds;
4. flood control; and
5. water conservation.

Annually, the WTB solicits applications for projects, screens the applications to ensure they meet the requirements of one of the five categories, reviews and prioritizes the projects and submits funding recommendations to the Legislature.

Projects funded are a result of this review and approval process which requires projects to stand on their own merits. This method allows the WTB and the Legislature to adjust priorities as needed to respond to current conditions and information.

The proposed amendment would establish that one of the five categories be allocated 25% of the total funds available for any given year.

The NMFA notes there are many factors and circumstances which affect the urgency, priority and effectiveness of water projects including: drought-related issues; changing atmospheric factors; drinking water problems for local communities (contamination, dwindling water basins, costs of drilling deeper wells, etc.); water requirements for economic development projects and new businesses; population growth; etc. Creating a statutory setaside of 25% for “forest and watershed restoration projects” would reduce the flexibility of the WTB and the Legislature in responding to changes in these factors and to new information and data that becomes available.

The addition of the executive director of the New Mexico association of conservation districts or the executive director’s designee may be viewed as providing additional representation to an entity already represented on the board. The association of conservation districts is currently represented by the New Mexico Department of Agriculture (NMDA).

FISCAL IMPLICATIONS

No significant impact on the aggregate funding available for water projects. However, there could be a significant impact on how the aggregate funding would be allocated by category or type of project each year.

This bill directs the WTB to allocate 25% of the available revenue to forest and watershed restoration projects. Earmarking reduces the ability of the legislature to establish spending priorities.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 239 relates to SB 132 which amends the duties and approval process of the WTB.

SB 239 relates to SB 139 which appropriates \$100 million to the Water Trust Fund for expenditures in FY05 and FY06.

SB 239 relates to SB 186 & HB 271 (duplicates) which authorize the NMFA to make loans and grants from the Water Project Fund to 16 qualified entities for eligible water projects.

TECHNICAL ISSUES

NMFA notes the proposed amendment would include forest restoration projects in category #3 along with watershed restoration projects.

PA/sb