

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 1-22-07

SPONSOR Campos LAST UPDATED 2-4-07 HB 38/aHAGC

SHORT TITLE Fort Sumner Irrigation District Debt Payment SB \_\_\_\_\_

ANALYST Woods

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	925.0	Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

Office of the State Engineer (OSE)

### SUMMARY

#### Synopsis of HAGC Amendment

House Agriculture and Water Resources Committee amendment to House Bill 38 amends the legislation to reflect the following language:

1. On page 1, lines 15 and 16, strike “One million two hundred thousand dollars (\$1,200,000)” and insert in lieu thereof “Nine hundred twenty five thousand dollars (\$925,000)”.

#### Synopsis of Original Bill

House Bill 38 – Making an appropriation to pay the debt of the Fort Sumner Irrigation District to the Federal Bureau of Reclamation – seeks to appropriate \$1,200,000 from the general fund to the Interstate Stream Commission for expenditure in fiscal year 2008 to pay the outstanding debt of the Fort Sumner Irrigation District to the Federal Bureau of Reclamation. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund.

## **SIGNIFICANT ISSUES**

Both the Office of the State Engineer (OSE) and the Department of Finance and Administration (DFA) suggest that this appropriation would provide the Fort Sumner Irrigation District (FSID) with funds to eliminate outstanding debt on a water facility within the district built and owned by the federal Bureau of Reclamation. Further, that it could put the irrigation district in a position where it might be able to request and assume ownership, and therefore operational control over, the facility.

However, OSE notes that even if Fort Sumner Irrigation District's debt to the US Bureau of Reclamation is retired, title and control of the project will not revert to the Ft. Sumner Irrigation District except through an act of Congress, and the project, and Ft. Sumner Irrigation District, would remain subject to the same federal environmental mandates and constraints as currently exist. Moreover, because an act of Congress is required to transfer the title and because such Congressional transfers have historically occurred slowly, the federal nexus threat will likely exist for sometime in the future.

## **TECHNICAL ISSUES**

DFA suggests that, under modified accrual accounting (Section 6-5-10(A) NMSA 1978), reversion language should read: "Any unreserved undesignated balance remaining at the end of fiscal year \_\_\_\_\_ shall revert to the general fund." Using language that includes the term "unencumbered" could unnecessarily extend spending authority beyond the designated fiscal year and result in projects not being completed within the timeframe intended in the bill.

BW/mt