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FISCAL IMPACT REPORT

ORIGINAL DATE 1-29-07
 LAST UPDATED 2-9-07 HB 330/aHAGC

SPONSOR Moore

SHORT TITLE Strategic Water Reserve Construction SB _____

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
NFI	NFI		

(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 330 amends the legislation to reflect the following language:

1. On page 1, line 12, strike "AND" and insert in lieu thereof a comma.
2. On page 1, line 12, after "CONSTRUCT" insert ", OPERATE AND MAINTAIN".
3. On page 1, line 13, after the semicolon strike the remainder of the line, strike lines 14 and 15 in their entirety and strike line 16 up to the period.
4. On pages, 1 through 3, strike Sections 1 and 2 in their entirety.
5. Renumber the succeeding sections accordingly.
6. On page 4, line 18, after "develop" strike "and" and insert in lieu thereof a comma.
7. On page 4, line 18, after "construct" insert ", operate and maintain".

8. On page 5, line 9, strike “or” and insert in lieu there of a comma.

9. One page 5, line 10, after “rights”, insert “or real property”.

This amendment adds no appropriation to the legislation.

Synopsis of Original Bill

House Bill 330 seeks to amend Sections 13-6-2.1 NMSA 1978 and Section 13-6-3 NMSA 1978 to exempt leases of water or water rights by the Interstate Stream Commission from the Strategic Water Reserve from the requirement of Board of Finance approval. It also seeks to allow the Interstate Stream Commission, the administering authority of the Strategic Water Reserve, to use money or grants received to be used to develop and construct infrastructure related to the Strategic Water Reserve.

SIGNIFICANT ISSUES

DFA notes that this bill would include Strategic Water Reserve leases by the Interstate Stream Commission among the limited group of instances exempt from State Board of Finance or legislative approval/oversight requirements for leases of government-owned property. DFA adds that the Strategic Water Reserve is a statutorily authorized reserve of water rights that can be used by the state only to:

- assist the state in complying with interstate stream compacts and court decrees; or
- assist the state and water users in water management efforts for the benefit of threatened or endangered species or in a program intended to avoid additional listings of species.

OSE indicates that, as proposed, the amendments are not needed; further, that the bill should be amended so that the only effect of the bill would be to amend Section 72-14-3.3 (A) to explicitly allow the interstate stream commission to use strategic water reserve funding to develop and construct infrastructure related to the strategic water reserve purposes. OSE indicates that it has advised the sponsor of the proposed amendment (see Amendments below).

PERFORMANCE IMPLICATIONS

DFA suggests that this change in legislation is expected to expedite the process of leasing water rights in the Strategic Water Reserve by eliminating the need to bring leases before the State Board of Finance or the legislature.

ADMINISTRATIVE IMPLICATIONS

The Interstate Stream Commission would hold periodic public meetings at which final Strategic Water Reserve water lease decisions would be made.

OTHER SUBSTANTIVE ISSUES

DFA indicates that it is not clear what the effect of authorizing the Interstate Stream Commission to use funds received to develop and construct related infrastructure might have. It is further

unclear as to exactly what "related infrastructure" could be interpreted to mean or what kinds of infrastructure is "related" to a strategic water reserve.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

OSE indicates that the authority of the Interstate Stream Commission to develop and construct infrastructure related to the Strategic Water Reserve would not be as clear as it would be if this bill is enacted.

AMENDMENTS

On page 1, lines 13 through 15 strike: “EXEMPTING LEASES FROM THE STRATEGIC WATER RESERVE FROM PROVISIONS REQUIRING STATE BOARD OF FINANCE OR LEGISLATIVE APPROVAL”.

On pages 1 through 3, strike Sections 1 and 2 in their entirety.

Renumber succeeding sections accordingly.

BFW/mt