

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 1/29/07

SPONSOR Foley LAST UPDATED _____ HB 461

SHORT TITLE Lower Pecos River Water Rights SB _____

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
NFI	30,000.0	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 461 seeks to appropriate \$30,000,000 from the general fund to the Interstate Stream Commission for expenditure in fiscal years 2008 through 2010 to complete water rights acquisitions and retirements pursuant to requirements of the lower Pecos river settlement in Section 72-1-2.4 NMSA 1978. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

OSE indicates that the Pecos River settlement is a historical agreement reached between the Carlsbad Irrigation District, the Pecos Valley Artesian Conservancy District, the U.S. Bureau of Reclamation and the State of New Mexico on March 25, 2003. The implementation of the settlement would settle a longstanding water rights adjudication dispute between the Carlsbad Irrigation District and the Pecos Valley Artesian Conservancy District. More importantly, it will increase water supplies to Carlsbad Irrigation District, significantly reduce the threat of a priority call in the Roswell Basin and it will put in place a mechanism for long-term compliance with the Pecos River Compact and the U.S. Supreme Court Decree in Texas v. New Mexico.

OSE estimates that the total costs for implementing the settlement is close to \$100 million. This would consist of acquiring 18,000 acres of farmland with appurtenant water rights and the construction of well fields and pipelines to pump and deliver approximately 20,000 acre-feet per year of Roswell Basin groundwater to the Pecos River. The legislature has so far appropriated \$66.5 million. An additional \$3 million would allow the Interstate Stream Commission to implement the minimum requirements of the settlement – acquisition of 12,000 acres of farmland with appurtenant water rights and construction of well fields to pump up to 15,750 acre-feet per year of groundwater to augment the Pecos River flow. Beyond the amounts needed to implement the minimum requirements of the settlement, OSE indicates that a further appropriation of \$30 million is needed for the full implementation of the settlement.

OTHER SUBSTANTIVE ISSUES

OSE notes that the settlement is based on the parties' assumption that the settlement will be implemented in full. In order to achieve the benefits to all parties as represented during the settlement negotiations, full implementation of the settlement is required. The Interstate Stream Commission has already expended or encumbered nearly \$50 million and significant progress has been made. The requested \$30 million is critical for the full implementation of the Pecos river settlement.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

OSE states that, “The full benefit of the Pecos river settlement will not be achieved. There is concern that the settlement parties may withdraw from the settlement if the state is unwilling to fulfill its commitment.”

AMENDMENTS

OSE suggests that on page 1, line 20, strike “retirements” and insert in lieu thereof “carry out other projects as needed”.

BFW/csd