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FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/08

SPONSOR Foley LAST UPDATED _____ HB 535

SHORT TITLE Ruidoso River Restoration SB _____

ANALYST Propst

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY08 | FY09 | | |
| | \$100.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 535, Making an Appropriation for Restoration Efforts of the Ruidoso River, appropriates \$100.0 thousand from the general fund to DFA for river restoration.

FISCAL IMPLICATIONS

The appropriation of \$100.0 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

SIGNIFICANT ISSUES

DFA notes that high levels of nitrogen and phosphorus effluent have been produced by the existing 30-year-old wastewater treatment plant for the communities of Ruidoso and Ruidoso Downs, which discharges into the Ruidoso River. Pursuant to a consent decree with the NM Environmental Department and Forest Guardians (In the Matter of Petition for Review of State Certification NPDES Permit NM0029165 and Forest Guardians Case 05-00159MV/LFG), the municipalities must build a new wastewater treatment plant within three years and must be in compliance with NMED/EPA standards for nitrogen and phosphorus within five years. The wastewater treatment plant is currently in the design phase.

This appropriation will be used to help meet the second requirement. As required by the consent decree, a local restoration committee will be formed with representatives from the municipalities, state agencies, and Forest Guardians. This committee will pursue required studies of the influx of phosphorus and nitrogen, and will recommend and implement restoration projects.

ADMINISTRATIVE IMPLICATIONS

Under the bill as written, the Local Government Division of DFA will be responsible for the administration of the proposed legislation, using existing staff. DFA suggests that administration of HB 535 may be better assigned to either the Office of the State Engineer or the Environment Department, state agencies that have more knowledge and expertise in handling river studies and restoration projects.

WEP/bb