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FISCAL IMPACT REPORT

ORIGINAL DATE 01/22/2014
SPONSOR Cisneros **LAST UPDATED** _____ **HB** _____

SHORT TITLE NMSU Soil & Water District Management **SB** 27

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$100.0	\$100.0	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act: NMSU Department of Agriculture

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)

SUMMARY

Synopsis of Bill

Senate Bill 27 appropriates \$100 thousand from the general fund to NMSU for management of soil and water conservation districts (SWCDs) and operation of district programs and projects pursuant to the Soil and Water Conservation District Act.

FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund.

Currently, NMDA has authority for distributing SWCD funds. In FY14, the NMDA distributed \$588 thousand in funds to SWCDs. For FY15, both the Executive and LFC recommended an \$11 million general fund appropriation to NMDA, of which \$588 thousand supports SWCDs. Should SB 27 be enacted and the FY14 general fund appropriation level maintained for FY15, SWCDs would receive \$688 thousand in general fund support, a 17 percent increase over the FY14 level.

SIGNIFICANT ISSUES

According to the NMDA, additional funding would support both SWCD operations and projects. For example, a district may receive \$9 thousand to \$12 thousand annually from the state, but has expenses including annual audits (upwards of \$5 thousand annually depending on the audit tier) and insurance fees (\$1 thousand annually) with the General Services Department's Risk Management Division. Additional costs can include employee services and personal benefits. Districts need employees to provide staff support to their boards, comprised of elected and appointed officials, and carry out a variety of projects that benefit the natural resource base of the state. The work includes meeting minutes, clerical, grant writing, and oversight for compliance with SWCD board legal obligations, and most importantly, on-the-ground soil and water conservation projects

The state's Soil and Water Conservation Commission approved a point-system that NMDA uses to allocate state funding. Districts apply annually for funding, and NMDA assigns points to each district application based on the approved system.

Additional funding would help SWCDs fulfill their responsibilities for maintaining dam structures. A number of dams have reached the end of their life cycle and need significant rehabilitation to continue to prevent catastrophic flooding in highly populated areas. SWCDs could use additional funding to hire expert assistance to complete emergency action plans and undertake inundation mapping so that dam rehabilitation activities can be planned and completed. Inundation mapping costs an average of \$40 thousand to \$60 thousand per dam.

PERFORMANCE IMPLICATIONS

Additional funding will help SWCDs complete compliance activities (financial audits, increasing risk management insurance rates) and undertake soil and water conservation projects.

ADMINISTRATIVE IMPLICATIONS

There is no additional administrative burden attached to the \$100 thousand appropriation in this bill. SWCDs have the legal authority to work on local, state, federal, tribal, and private land. This authority allows for partnerships and continuity with conservation projects, which is particularly important with the state's checkerboard pattern of land ownership.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without additional funding, the NMDA notes SWCDs will find it harder to maintain operations and move forward with projects, including needed maintenance on dams and structures.