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FISCAL IMPACT REPORT

SPONSOR Martinez, RC **ORIGINAL DATE** 02/01/14
LAST UPDATED 02/03/140 **HB** _____

SHORT TITLE Rio Arriba Water Rights **SB** 205

ANALYST McCoy

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
NFI	\$500.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer/ Interstate Stream Commission (OSE/ISC)

SUMMARY

Synopsis of Bill

Senate Bill 205 appropriates \$500 thousand from the General Fund to the Local Government Division of the Department of Finance and Administration for expenditure in FY15 and subsequent fiscal years to acquire surface and groundwater rights for Rio Arriba county to: 1) maintain operations at 38 mutual domestic water consumer associations, 2) support the water requirement to sustain infrastructure, including agriculture, fire, clinics, senior centers and recreation, 3) support the needs of economic enhancement, and 4) to provide in-kind support to 173 acequia associations to meet New Mexico filing and auditing requirements and protect water rights, if needed.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a nonrecurring expense to the general fund. The bill contains language stating, “any unexpended or unencumbered balance remaining at the end of fiscal year 2015 shall not revert to the general fund.”

According to the OSE there is no anticipated fiscal impact for the agency, although it is possible that support to acequias for audits under this appropriation could aid the Interstate Stream Commission in implementing the acequia program. Audit requirements have created a hardship for those acequias that have had difficulty obtaining the funding necessary to pay for an audit. The funding in this bill could help those acequias move forward with rehabilitation efforts without delays.

SIGNIFICANT ISSUES

The OSE reports, this bill does not specify the volume of water rights necessary to maintain operation at the mutual domestic water consumer associations, or the time period that might be required to do so. The costs and services associated with purchasing water rights for 38 mutual domestics could easily use all of the money appropriated, leaving nothing left for the other purposes. The agency also notes, the third purpose stated for this appropriation — to “support the needs of economic enhancement”— is vague and could be clarified to reduce the risk that the appropriation could be used in ways that might raise anti-donation clause concerns.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted, Rio Arriba County would rely on other sources of funding, or not provide the services listed in the bill. The OSE notes, because of audit requirements, failure to pass this bill could further delay acequia projects from being completed.

MTM/ds