

SENATE CONSERVATION COMMITTEE SUBSTITUTE FOR  
SENATE BILL 294

**56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;  
CREATING THE STRATEGIC WATER SUPPLY PROGRAM; PROVIDING FOR THE  
STATE BOARD OF FINANCE TO ISSUE SEVERANCE TAX BONDS FOR THE  
DEPARTMENT OF ENVIRONMENT TO ENTER INTO CONTRACTS TO ACQUIRE  
AND MANAGE TREATED BRACKISH WATER; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of Chapter 75 NMSA 1978 is  
enacted to read:

"[NEW MATERIAL] STRATEGIC WATER SUPPLY PROGRAM CREATED--  
SEVERANCE TAX BONDS AUTHORIZED.--

A. The "strategic water supply program" is created  
to reduce reliance on limited freshwater resources while  
furthering clean energy and advanced manufacturing development  
that meaningfully contributes to the state achieving a

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underscored material = new  
[bracketed material] = delete

1 measurable reduction in greenhouse gas emissions. The  
2 department of environment shall administer the strategic water  
3 supply program.

4 B. The state board of finance may issue or sell  
5 severance tax bonds in accordance with the Severance Tax  
6 Bonding Act in fiscal years 2025 through 2027 in amounts not to  
7 exceed a total of one hundred million dollars (\$100,000,000);  
8 provided that the issuance or sale of the bonds is specifically  
9 authorized by law by the first session of the fifty-seventh  
10 legislature; and further provided that the department of  
11 environment, with concurrence from the office of the state  
12 engineer, the Indian affairs department and the economic  
13 development department, certifies the need for the issuance of  
14 bonds to the state board of finance; and provided further that  
15 the state board of finance shall only issue bonds with a term  
16 that does not extend beyond the fiscal year in which they are  
17 issued. The proceeds from the sale of the bonds are  
18 appropriated to the department of environment to enter into  
19 valid contracts in accordance with the Procurement Code to  
20 acquire and manage treated brackish water.

21 C. In certifying the need for the issuance of bonds  
22 or notes to the state board of finance, the department of  
23 environment shall demonstrate that:

24 (1) the price to be paid for treated brackish  
25 water through the strategic water supply program represents a

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1 fair market value as determined by a market analysis of  
2 comparable sales;

3 (2) the department will consult with the  
4 office of the state engineer, the Indian affairs department and  
5 potentially impacted Indian nations, tribes and pueblos and has  
6 determined that a brackish water treatment project will not  
7 impair existing water rights or adversely impact landowners;  
8 and

9 (3) a selected contractor has demonstrated  
10 technology to treat water that meets applicable standards for  
11 water quality established by the water quality control  
12 commission pursuant to the Water Quality Act.

13 D. Any unencumbered balance from the proceeds of  
14 bonds authorized pursuant to this section shall revert to the  
15 severance tax bonding fund two years from the issuance date of  
16 those bonds.

17 E. Fifty percent of state proceeds that result from  
18 the sale of treated brackish water acquired pursuant to this  
19 section shall be deposited in the severance tax bonding fund  
20 and fifty percent shall be deposited in the general fund.

21 F. Brackish water treatment projects associated  
22 with the strategic water supply program shall comply with  
23 applicable state, tribal and local governmental standards,  
24 permit requirements and other provisions of law to protect the  
25 environment and public health.

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1           G. By September 1, 2024 and semiannually  
2 thereafter, the department of environment shall report on the  
3 implementation of the strategic water supply program to the  
4 legislative finance committee and the appropriate legislative  
5 interim committee dealing with natural resources.

6           H. As used in this section, "treated brackish  
7 water" means water that:

8                   (1) is sourced from an aquifer, the top of  
9 which is at a depth of two thousand five hundred feet or more  
10 below the surface of the ground;

11                   (2) contains not less than one thousand parts  
12 per million of dissolved solids; and

13                   (3) has undergone a process to remove or  
14 eliminate contaminants to meet applicable standards for water  
15 quality established by the water quality control commission  
16 pursuant to the Water Quality Act."