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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Ortez/Sariñana/Dow</u>	<b>LAST UPDATED</b> _____
<b>SHORT TITLE</b> <u>Water Quality Construction Projects Funding</u>	<b>ORIGINAL DATE</b> <u>1/23/25</u>
	<b>BILL NUMBER</b> <u>House Bill 92/aHAAWC</u>
	<b>ANALYST</b> <u>Davidson</u>

### APPROPRIATION\* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$10,000.0	Nonrecurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Agency Analysis Received From

New Mexico Environment Department (NMED)

## SUMMARY

### Synopsis of HAAWC Amendment for House Bill 92

The House Agriculture, Acequias, and Water Resources Committee amendment to House Bill 92 (HB92) adds language regarding the use of the bill’s appropriation, requiring the Environment Department to use the appropriation for development of the department’s river stewardship program. Further, the amendment increases the appropriations timeline from FY26 to between FY26 through FY29.

### Synopsis of House Bill 92

House Bill 92 (HB92) appropriates \$10 million from the general fund to the Environment Department for the purpose of work related to river, stream, wetland, and surface water quality improvement.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

## SIGNIFICANT ISSUES

An August 2024 LFC program evaluation<sup>1</sup> notes that government entities across New Mexico are reporting \$5.7 billion in future water and wastewater infrastructure needs, and issues with a complex request and funding system create issues for communities applying for funding. The report further notes that many New Mexico water systems are also having issues with basic operating practices, as shown by audit noncompliance and a lack of asset management plans, which limits access to funding and prevents effective long-term repairs and replacements.

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[https://www.nmlegis.gov/Entity/LFC/Documents/Program\\_Evaluation\\_Reports/ALFC%20082024%20Item%2011%20Policy%20Spotlight%20-%20State%20Funded%20Water%20Projects%20Report.pdf](https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/ALFC%20082024%20Item%2011%20Policy%20Spotlight%20-%20State%20Funded%20Water%20Projects%20Report.pdf)