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FISCAL IMPACT REPORT

SPONSOR <u>Sens. Gonzales, Campos /Rep. Ortez</u>	LAST UPDATED _____ ORIGINAL DATE <u>1/29/24</u>
SHORT TITLE <u>Taos County Water Projects</u>	BILL NUMBER <u>Senate Bill 197</u>
	ANALYST <u>Wan Smith</u>

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$12,715.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMED		At least \$352.0	At least \$352.0	At least \$704.0	Recurring	General Fund
OSE/ISC		At least \$62.5	At least \$62.5	At least \$125.0	Recurring	General Fund
Total		\$414.5	\$414.5	\$829.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Environment Department (NMED)
 Office of the State Engineer/Interstate Stream Commission (ISC)

SUMMARY

Synopsis of Senate Bill 197

Senate Bill 197 appropriates \$7.9 million from the general fund to the Environment Department (NMED) for a variety of water infrastructure projects in Taos County. The specific projects and individual appropriations are:

- 1) \$1 million dollars to plan, design, improve, and construct a wastewater treatment facility and water system for the Village of Questa;
- 2) \$1 million dollars to plan, design, improve, and construct a wastewater treatment facility

- and water system for Taos County;
- 3) \$1.8 million dollars to plan, design, and construct and equip a mitigation well for the acequia del Monte del Rio Chiquito;
 - 4) \$2.2 million dollars to plan, design, and construct water system improvements for El Prado water and sanitation district;
 - 5) \$1.6 million dollars to plan, design, construct, purchase, and install the Rio Grande del Rancho Mitigation well and associated equipment for the Llano Quemado mutual domestic water consumers association; and
 - 6) \$300 thousand to plan, design, and construct water system improvements for the El Valle de Los Ranchos water and sanitation district.

SB197 additionally appropriates \$4.8 million from the general fund to the Interstate Stream Commission (ISC) for a variety of acequia and community ditch projects in Taos County. The specific projects and individual appropriations are:

- 1) \$380 thousand to plan, design, and construct improvements, including a diversion dam, for the citizen's middle ditch association in Questa;
- 2) \$1.2 million to plan, design, construct, repair, and improve the ditch, including diversion structures, for the Llano irrigation company;
- 3) \$30 thousand to plan, design, and construct improvements, including a diversion dam, for the Jose Cleofes Arellano acequia association in Amalia;
- 4) \$275 thousand to plan, design, and construct improvements, including a diversion dam, for the Santa Barbara ditch association in Penasco;
- 5) \$30 thousand to plan, design, and construct improvements, including a diversion dam, for Los Cordovas ditch association in Los Cordovas;
- 6) \$180 thousand to plan, design, and construct improvements, including a diversion dam, for Los Lovatos acequia association;
- 7) \$250 thousand to plan, design, and construct ditch improvements, including an irrigation pipeline, for the Rio Lucio water ditch association;
- 8) \$2.4 million to plan, design, construct and improve an irrigation system for the Rio Costilla ditch association;
- 9) \$35 thousand to plan, design, construct and improve a flume project for the Trampas ditch association in Trampas; and
- 10) \$35 thousand to plan, design and construct ditch improvements, including an irrigation pipeline, for Sanchez ditch in La Loma.

All funds in SB197 are appropriated for FY25 through FY28. Unexpended balances remaining within six months of a project's completion, but no later than the end of FY28, shall revert to the general fund. The bill goes on to define "unexpended balance" as the remainder of an appropriation after reserving for unpaid costs and expenses subject to a binding written agreement with a third party.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

The appropriation of \$12.7 million contained in this bill is a nonrecurring expense to the general fund. Although this bill does not specify future appropriations, multiyear appropriations, particularly if used to fund services and those services perform well, create an expectation the

program will continue in future fiscal years; therefore, this cost could become recurring after the funding period.

NMED states the agency would need at least 3 new FTE in the Construction Programs Bureau to administer this funding, which would be an additional recurring expense of at least \$352 thousand. ISC states its Acequia Bureau would need to dedicate 0.5 FTE, an annual cost of approximately \$62.5 thousand, to oversight and administration of the bill's appropriations.

SIGNIFICANT ISSUES

NMED states that requiring the agency to plan, design, construct, replace, and/or improve infrastructure as SB197 does creates a conflict with its regulatory role over public drinking water and wastewater systems in New Mexico.

PERFORMANCE IMPLICATIONS

Repairing or replacing failing water infrastructure may result in improvements to NMED's performance measures on statewide access to safe drinking water and water system violations.

ADMINISTRATIVE IMPLICATIONS

NMED reports that the Construction Programs Bureau, which works with communities on administration and oversight of this type of water infrastructure project, has neither the technical nor administrative capacity to manage a project of this size. According to the agency, each employee with a technical role in that bureau is currently responsible for 115 projects. ISC states that having too many projects to manage in the Acequia Bureau without increased funding for staff could negatively impact project review and funding disbursement timelines.

CWS/rl/ne