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FISCAL IMPACT REPORT

SPONSOR:	Larranaga	DATE TYPED:	01/29/00	HB	148/aHENRC
SHORT TITLE:	Administer Ground Water Storage & Protection			SB	
				ANALYST:	Pickering

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
	\$ 50.0	See Fiscal Narrative	See Fiscal Narrative	Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Companion to SB228

SOURCES OF INFORMATION

Energy, Minerals and Natural Resources Department (EMNRD)

New Mexico Environment Department (NMED)

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

LFC Files

SUMMARY

Synopsis of HENRC Amendment

The House Energy and Natural Resources Committee amendment strikes the word "administering" and inserts "implementing" the Ground Water Recovery Act.

Synopsis of Bill

HB148 appropriates \$50.0 from the general fund to OSE in FY2001 to reimburse the agency for monies allocated this current year to develop draft regulations for implementation of the Ground Water Storage and Recovery Act ("Act"), as provided in Sections 72-5A-1 through 72-5A-17 NMSA 1978. The Act is meant to foster ground water recharge, storage and recovery in order to promote water conservation and lead to effective use of the state's water resources.

Significant Issues

Section 72-5A-17 of the Act prohibits any governmental entity from submitting an application and the state engineer from processing an application, issuing a regulation or implementing any part of the Act, unless the engineer has been appropriated money or sufficient resources to do so. At the specific request of the interim Water and Natural Resources Committee Chair, and on a temporary basis only, the engineer reallocated \$50.0 in FY2000 to develop initial draft regulations for implementing the Act. OSE reports that the draft regulations have been distributed for informal comment.

FISCAL/ADMINISTRATIVE IMPLICATIONS

OSE is statutorily prohibited from administering the Act without an appropriation, which would include one FTE. This FTE would be responsible for reviewing and processing applications, as well as reviewing and approving storage account reports. However, the agency contends the \$50.0 appropriation, by itself, is inadequate to administer the Act in FY2001.

The appropriation contained in HB 148 is to replace the reallocated money, but as proposed, will not be available in the current year. The agency maintains a total of \$142.9 will be required to initially implement the Act in FY2001. (See Substantive Issues Below) Of that total, \$65.0 is a one-time need to develop and promulgate the regulations mandated by the Act. For FY2001, the LFC recommended \$66.4 in general fund for one FTE to assist in administering the Act.

COMPANIONSHIP

SB228 is a companion to HB148. SB228 declares an emergency which allows for expenditure in both FY2000 and FY2001, whereas HB148 allows for expenditure only on FY2001.

SUBSTANTIVE ISSUES

While the \$50.0 is for reimbursement costs, OSE states \$142.9 will be required to administer the Act in FY2001. This amount consists of \$45.0 (personal services), \$12.9 (employee benefits) and, \$85.0 (contractual services). The contractual services are needed for legal, hydrologic, geochemical, water quality and, financial capacity consulting. Four applications are projected to be submitted over the next four years.

According to the agency, the City of Albuquerque was the prime lobbyist for the Act, which was also strongly supported by the City of Alamogordo. Without the subject appropriation, Albuquerque's long-term strategy to shift ground water during water shortage periods cannot be implemented without financial resources being available to the engineer. Consequently, continued delay of the Act's implementation would negatively impact the ground water and storage recovery initiatives of both cities.

RP/njw