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**FISCAL IMPACT REPORT**

SPONSOR:	Macias	DATE TYPED:	02/15/00	HB	
SHORT TITLE:	Contracts with Irrigation Districts			SB	385/aHAGC
				ANALYST:	Pickering

**APPROPRIATION**

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
NFI	NFI	NFI	NFI	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**SOURCES OF INFORMATION**

New Mexico Department of Agriculture (NMDA)

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

## SUMMARY

### Synopsis of HAGC Amendment

The House Agriculture and Water Resources Committee amendment adds language to give irrigation districts the authority to establish municipal water users associations within their respective boundaries.

### Synopsis of Bill

SB385 amends Chapter 73, Article 10 NMSA 1978 and has an emergency clause to allow ISC to establish municipal water users' associations within the boundaries of irrigation districts. The bill authorizes ISC to form these water users' associations with the following entities: municipalities, counties, state universities, member-owned community water systems and public utilities supply- ing waters to municipalities or counties, which supply water to lands within the boundaries of irrigation districts.

SB385 also amends Section 72-1-9, the forty-year planning statute, to include municipal water users' associations. The amendment allows the water users' associations to acquire and hold

unused water rights for the forty year period.

## SUBSTANTIVE ISSUES

OSE reported some concerns about the necessity of SB385 which include the following:

(1) Section 1(b)--the agency stated that irrigation districts already have the authority to distribute leased water within the district for irrigation purposes, or outside of the district for other irrigation purposes subject to the jurisdiction of the state engineer and approval of the U.S. Secretary of the Interior. Under the bill, water users' associations may assume the traditional role of irrigation districts in being able to lease, hold or distribute water rights within the district. The engineer believes this may be a source of conflict between water users' associations and irrigation districts.

(2) Section 1(C)--this subsection allows irrigation districts to consolidate assessments into one block bill. Conceivably, irrigations probably can now do this; however, districts currently provide all project deliveries to specific acreage to which project rights are appurtenant. By providing that districts "coordinate the delivery of project water" for associations, the bill implies a new role for

irrigation districts, i.e., the delivery of large blocks of project water for municipal purposes. OSE contends that such transfers are, arguably, subject to approval by the U.S. Secretary of the Interior pursuant to the 1920 Bureau of Reclamation Miscellaneous Purposes Act.

Given these concerns, OSE maintains a neutral position on SB385. The agency stated that its concerns with the bill should not be viewed as an obstacle toward enactment. Finally, the consequence of not enacting this bill is that municipal water users' associations would be unable to enter into contracts with irrigation districts to lease water from irrigation districts.

RP/njw