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FISCAL IMPACT REPORT

SPONSOR Altamirano DATE TYPED 3/2/05 HB _____

SHORT TITLE Arizona Water Settlement Planning SB 819

ANALYST Hanika-Ortiz

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$150.0			Non-recurring	General Fund
			\$66,000.0 - \$128,000.0	Non-recurring	Federal Fund

Relates to appropriation for the OSE in the General Appropriation Act

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
		\$66,000.0 - \$128,000.0	Non-recurring	Federal Fund

SOURCES OF INFORMATION

LFC Files

Responses Received From
Office of the State Engineer

SUMMARY

Synopsis of Bill

Senate Bill 819 appropriates \$150 thousand from the general fund to the Interstate Stream Commission in FY06 and subsequent years to provide initial funding to support a multi-stakeholder planning process to determine how federal funding of up to \$128 million under the Arizona Water Settlements Act will be utilized to meet water supply demands in southwest New Mexico. The Act also provides New Mexico water users, through an exchange for Central Arizona Project water, for up to 140,000 acre feet of Gila basin water in any ten years. The Interstate Stream Commission will report to the Legislative Finance Committee regarding the status of the planning process by October 15th of each year.

Significant Issues

As provided in federal statute, water users in southwestern New Mexico, in conjunction with the Interstate Stream Commission, must determine the appropriate uses of between \$66 and \$128 million beginning 2012. The federal legislation provides that the federal funds can be used to meet water supply demands in southwestern New Mexico. The planning process will also address whether New Mexico water users will develop additional consumptive use of water that are authorized under the federal Act. The Interstate Stream Commission has continually encouraged a cooperative planning process that involves a variety of stakeholders.

The reporting requirement will ensure that the legislature is informed regarding the planning process and is designed for response to questions raised by legislators regarding how New Mexico will realize the benefits of the Arizona Water Settlements Act.

PERFORMANCE IMPLICATIONS

Although the Interstate Stream Commission is already charged with planning for water uses on interstate streams, the funds appropriated are specifically limited to support the multi-stakeholder planning process in southwestern New Mexico relating to the federal Act. There are a variety of active groups interested in these issues and the planning money is necessary to provide assistance to local organizations and to provide for additional publicity of the planning process. The Interstate Stream Commission anticipates that it will contract with other entities and organizations for the use of some of the funds. Under the bill, the Interstate Stream Commission is responsible for ensuring that the planning process involves a multi-stakeholder process.

FISCAL IMPLICATIONS

The appropriation of \$150 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall not revert to the general fund.

The Arizona Water Settlements Act provides New Mexico water users with the ability to contract with the Secretary of the Interior, through an exchange for Central Arizona Project water, for up to 140,000 acre feet of Gila basin water in any ten years, and for up to \$128 million to meet water supply demands in southwest New Mexico. The funding under the federal act will begin to be available to New Mexico in 2012.

The State Stream Commission notes that the challenge of bringing all of the different groups together is tremendous and the additional funding will be critical to ensure success. The bill will support ongoing planning activities and enable the Interstate Stream Commission to provide financial assistance to groups involved in the planning process. The Commission believes New Mexico must begin the planning process as soon as possible to achieve success in meeting the requirements of the Act.

ADMINISTRATIVE IMPLICATIONS

Proper planning is essential to enable New Mexico to realize the huge benefits received from the Arizona Water Settlement Act. Lack of planning could have an adverse affect on administration, and could lead to New Mexico not realizing the acquisition of the water provided for under the Act.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The Interstate Stream Commission has passed a resolution in support of the Arizona Water Rights Settlement Act and has recognized the need to realize the full benefits of the Act for a wide range local and regional water users in southwest New Mexico.

TECHNICAL ISSUES

The Interstate Stream Commission has already participated in numerous planning meetings in connection with the Arizona Water Rights Settlement Act and will continue to do so. This bill will support ongoing planning activities and enable the Interstate Stream Commission to provide financial assistance to groups involved in the planning process.

OTHER SUBSTANTIVE ISSUES

The Commission notes that design and implementation of an effective public involvement program to assure participation of all stakeholders in the southwest New Mexico water planning region are necessary and important goals for the future.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

The Interstate Stream Commission has already participated in numerous planning meetings in connection with the Arizona Water Rights Settlement Act and will continue to do so.

AHO/lg:yr