# F I S C A L  I M P A C T  R E P O R T

**SPONSOR** Nunez **ORIGINAL DATE** 1/23/06 **LAST UPDATED** 1/30/06 **HB** 139/aHENRC

**SHORT TITLE** Salt Cedar Removal & Riparian Restoration **SB**

**ANALYST** Earp

## APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---|---|---|---|
| **FY06** | **FY07** | | |
| | $10,000.0 | Recurring | General Fund |
| | | | |

(Parenthesis ( ) Indicate Expenditure Decreases)

**SOURCES OF INFORMATION**
LFC Files

Responses Received From
New Mexico Department of Agriculture (NMDA)
Energy Minerals & Natural Resources Department (EMNRD)
Higher Education Department (HED)
State Engineer/Interstate Stream Commission (SE/ISC)
Environment Department (ED)

**SUMMARY**

Synopsis of HENRC Amendments

The House Energy and Natural Resource Committee Amendments change the terminology in the bill from "salt cedar" to "non native phreatophyte," extend the expenditure period one additional fiscal year, and specify that the appropriation to NMSU is to be routed through the New Mexico Department of Agriculture (rather than the Soil and Water Conservation Commission).

Synopsis of Original Bill

House Bill 139, sponsored by Representative Nunez on behalf of the interim Water and Natural Resources Committee, appropriates $10 million from the general fund for expenditure in fiscal year 2007 for the following purposes:

- $8 million to the Board of Regents of New Mexico State University (NMSU) for the Soil and Water Conservation Commission for a salt cedar removal and riparian restoration program.

- $2 million to the Forestry Division of the Energy, Minerals and Natural Resources Department (EMNMD) for a forest health management program.

## FISCAL IMPLICATIONS

The appropriation of $10 million contained in this bill would be a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

NMDA and EMNRD indicate that it may be difficult to expend the total amount of these appropriations within a single fiscal year. They suggest extending the reversion date to allow expenditure over three to four fiscal years.

## SIGNIFICANT ISSUES

In Fiscal Year 2006 an interagency work group consisting of the Departments of Agriculture, Energy, Minerals and Natural Resources, Environment, Indian Affairs and the Office of the State Engineer, in consultation with the Soil and Water Conservation Commission, completed a statewide Non-native Phreatophyte/Watershed Management Plan (NNPP) to guide future treatment and to provide templates and protocols for monitoring, revegetation, rehabilitation and long-term watershed management.

In addition to salt cedar removal and riparian restoration, House Bill 139 also recognizes the importance of protecting and restoring the state's forests and upper watersheds. EMNRD - Forestry Division would use the $2 million appropriated in this bill to implement the New Mexico Forest and Watershed Health Plan.

## ADMINISTRATIVE IMPLICATIONS

The New Mexico Department of Agriculture (NMDA) provides support to the state's 47 soil and water conservation districts (SWCDs) and has historically administered the salt cedar removal appropriations. NMDA is designated as the lead agency for implementing the NNPP developed during 2005, which recognizes the SWCDs as primary resources for watershed projects. NMDA reports that implementation of the NNPP would have significant administrative impact on the department. The department may require additional staff to provide the degree of oversight desired by the legislature.

The Forestry Division would generate contracts to implement the majority of the forest health program. Therefore, administrative implications include an increased workload for the Forestry Division and EMNRD program managers, as well as legal, contract and fiscal staff.

The Environment Department notes that it is the recipient of the federal Clean Water Act Section 319 watershed restoration grant, of which approximately $1 million is made available annually to local cooperators for watershed restoration projects. Section 319 funds are often used for forest health projects that have a corollary water quality benefit. Coordination between the various agencies implementing watershed restoration and forest health projects is critical to ensure that projects are complimentary and that priority areas are addressed.

## OTHER SUBSTANTIVE ISSUES

The NMDA is collaborating on and tasked with the implementation of the New Mexico Statewide Policy and Strategic Plan for Non-native Phreatophyte/Watershed Management. That strategic plan was called for by the Legislature in House Bill 2 (2004) and developed by an interagency work group to coordinate and supervise all phreatophyte (salt cedar) removal projects in the state. This state plans call for NMDA to be the lead on watershed projects and that all funding for these projects should go to NMDA. The Soil and Water Conservancy Commission, by statute, is not charged with administration or disbursement of funding for these projects nor for execution of such projects.

According to the Energy, Minerals & Natural Resources Department (EMNRD), significant issues relate to the importance of restoring native vegetation and enhancing water supplies. Streamside stands of salt cedar are believed to move significant amounts of water through the leaves and release the moisture into the atmosphere (evapotranspiration). It may be possible to improve stream flows by removing these species, but that has not been established to a scientific certainty.

The analysis submitted by the State Engineer/Interstate Stream Commission also pointed out that the latest analyses by the United States Academy of Sciences and the American Council of Civil Engineers indicate that estimates of water salvaged by phreatophyte removal programs are much less than predicted and may even be non-existent unless accompanied by a careful planned program of reintroduction of low water use native plants. Studies show that in most instances, great care must be taken or net water consumption can actually increase, not decrease. Similar assessments are given by scientists from national laboratories and academia.

## AMENDMENTS

NMSU and EMNRD department suggest consideration of the following amendments to address issues outlined above:

- Amend the bill to route the appropriation through the board of regents of New Mexico state university (through NMDA) rather than through the Soil and Water Conservation Commission.

- Amend the bill to require that funded projects comply with the templates and protocols established in the Non-Native Phreatophyte/Watershed Management Plan.

- Amend the bill to permit the use of appropriated funds through the end of FY 2010.

DE/nt:yr