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FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/06

SPONSOR Marquardt LAST UPDATED _____ HB 175

SHORT TITLE Salt Basin Water Distribution System SB _____

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$300,000.0	Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Capital Outlay Request 269, Senate Bill 662, House Bill 847, and House Bill 131/HACS.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 175 appropriates \$300,000,000 from the general fund to the Interstate Stream Commission to plan, design, and construct a distribution system for water from the Salt Basin. According to the Office of the State Engineer, the Salt Basin is a relatively newly declared underground water basin in the south central portion of the state immediately north of the Texas state line.

FISCAL IMPLICATIONS

The appropriation of \$300,000,000 contained in this bill is a non-recurring expense to the general fund. The appropriation may be spent in 2007 or any subsequent fiscal year. Any unexpended or unencumbered balance at the end of a fiscal year shall not revert to the general fund.

SIGNIFICANT ISSUES

According to the Office of the State Engineer, studies of the water resources in the Salt Basin have been made utilizing similar appropriations in recent years. Preliminary estimates are that 50,000 to 75,000 acre-feet of water per year could be reliably developed from the Salt Basin, or approximately as much water as the San Juan Chama Project delivers.

The southern portions of the state are currently short of water. In the coming decades, the southern portions of the state are expected to experience the state's, if not the nation's, highest growth rates. The water in the Salt Basin currently flows underground across the Texas-New Mexico border where Texas farmers pump it for irrigation.

The distances over which Salt Basin water would have to be conveyed are great. Some estimates range as high as \$400 Million to build the well fields and infrastructure necessary to get the water to all needed communities in southern New Mexico. This funding would provide the funding necessary to develop and deliver that water to New Mexico citizens.

PERFORMANCE IMPLICATIONS

Water from the Salt Basin could potentially be used to improve the ISC's performance in meeting the state's interstate water compact delivery requirements.

ADMINISTRATIVE IMPLICATIONS

The ISC, along with other state agencies that participate in water project development, would appear to have the administrative capacity to administer this legislation.

RELATIONSHIP

There are four bills that have a purpose similar to House Bill 175.

- Senate Capital Outlay Request 269 appropriates \$100,000,000 to plan; design; acquire property, water rights and rights of way; and construct facilities to transfer water from the Salt Basin to communities in New Mexico.
- Senate Bill 662 creates the “Salt basin water development fund” in the Interstate Stream Commission and appropriates \$100,000,000 to the fund to develop the water resources of the salt basin in southern New Mexico.
- House Bill 847 appropriates \$75,000 to the Department of Finance and Administration to fund the development of a water model for the Salt basin by an national laboratory in Bernalillo County.
- House Bill 131/HACS appropriates \$150,000 to the Interstate Stream Commission to assess options to put Salt basin water to beneficial use.

TECHNICAL ISSUES

Water resource projects may take many years to complete. There should be a reversion clause in

the bill, even if the date is twenty or twenty-five years in the future.

OTHER SUBSTANTIVE ISSUES

The bill does not state where the water would be distributed or how the water might be used.

CH/nt