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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED 2-1-06 **HB** 398

SPONSOR Balderas

SHORT TITLE State Engineer Office in Northeastern NM **SB** _____

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$300.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	0.0	50.0	50.0	100.0	Recurring	General Fund*

(Parenthesis () Indicate Revenue Decreases)

* Source: Department of Finance and Administration

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer- Interstate Stream Commission (OSE)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 398 makes an appropriation to the Office of the State Engineer for a field office in northeastern New Mexico. Specifically the legislation seeks to appropriate \$300,000 from the general fund to the Office of the State Engineer for expenditure in fiscal year 2007 and subsequent fiscal years to provide for staff and associated operating costs for a field office in northeastern New Mexico. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

FISCAL IMPLICATIONS

The Department of Finance and Administration (DFA) indicates that the overall cost of establishing an office with 3 FTE is likely to exceed the \$300.0 recurring General Fund appropriated, especially in the first year.

While DFA additionally notes that the northeast quadrant of the state does not currently have a permanent OSE field office, currently residents interact with the OSE by telephone, fax, email or by traveling to the Santa Fe office. Many of these interactions can take place without having to travel to Santa Fe, including applying for a well permit. Accordingly, it is unclear what, if any, services a field office would provide that could not be accomplished from a distance.

DFA concludes by indicating that the executive recommendation does not include funding for a permanent northeast New Mexico field office.

SIGNIFICANT ISSUES

The Office of the State Engineer (OSE) notes that this legislation appropriates funds to the State Engineer for the purpose of establishing and maintaining a field office in northeastern New Mexico for the purpose of administering water rights in the newly declared Clayton Underground Water Basin, the newly extended Canadian Underground Water Basin, and surface water in northeastern NM. Further, that this level of funding will allow the Office of the State Engineer to provide continuing assistance to the residents of the area in the administration, distribution, protection, conservation and development of surface and ground water resources through Active Water Resource Management. Two underground water basins will be affected by establishing a field office in the northeastern part of the state; the Clayton Basin and the Canadian Basin.

OSE adds that this bill establishes funding necessary to staff a field office under the control of the District 6 Office located in Santa Fe. Establishing a State Engineer presence in the area will further the Governor's Active Water Resource Management initiative and will allow efficient and effective management of both surface and ground water.

PERFORMANCE IMPLICATIONS

OSE indicates that the Water Rights Division (WRD) positions will be responsible for the evaluation of water rights applications, including making determination on the validity of the water rights and performing calculations by computer modeling to determine effects to both the surface and ground water. In order to accomplish these tasks, the individuals in these positions will have to conduct field inspections, conduct research and be skilled in expressing thoughts in written format. These individuals will also be responsible in assisting the general public by answering questions related to water rights administration, determining the validity of water rights, taking enforcement actions, and assisting the public in the filing of water rights applications.

The WRD has had to use existing staff normally dedicated to the evaluation and processing of water right applications from other district offices to answer and resolve water shortage problems in the Northeastern part of the state. The office and FTE are required to address the anticipated increased workload due to the recent State Engineer declaration of the two basins in that part of the state. Currently the Clayton and Canadian basins are being administered by the Santa Fe (District 6 Office).

Declaration of the Clayton Basin and the extension to the existing Canadian Basin requires up to 4 additional full-time FTE's to meet the immediate needs – an engineering supervisor who will supervise the Cimarron Water Master (existing), two Engineer All Other – Operational's and one Clerical Support position. An office will be established at a central location that will best serve the needs of the two basins and the Office of the State Engineer – likely either in Raton or in Springer, NM.

ALTERNATIVES

The alternative to the passage of this bill is to continue to serve the Clayton and the Canadian Underground Basins from the Santa Fe District Office.

BW/yr