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FISCAL IMPACT REPORT

ORIGINAL DATE 1-31-06
 SPONSOR Foley LAST UPDATED 2-2-06 HB 553/aHENRC
 SHORT TITLE Pecos River Basin Hydrographic Survey SB _____
 ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
NFI	250,000.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

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 HENRC Amendment

House Energy and Natural Resources Committee amendment to HB553 amends the legislation as follows:

1. On page 1, line 12, after "BASIN" insert "AND THE RIO GRANDE BASIN".
2. On page 1, lines 15 through 22, strike Section 1 in its entirety and insert in lieu thereof the following new section to read:

"Section 1. APPROPRIATIONS.--

A. Two hundred fifty million dollars (\$250,000,000) is appropriated from the general fund to the following funds and agencies in the following amounts for expenditure in fiscal year 2006 and subsequent fiscal years for the following purposes:

- (1) a final forty-eight million dollars (\$48,000,000) to the interstate stream commission to complete the Pecos River Compact settlement;

(2) one hundred one million dollars (\$101,000,000) to the New Mexico irrigation works construction fund for expenditure by the state engineer to support the completion of hydrographic surveys and the state's prosecution of stream system adjudications; and

(3) one hundred one million dollars (\$101,000,000) to the improvement of Rio Grande income fund for expenditure by the state engineer to support the completion of hydrographic surveys and the state's prosecution of stream system adjudications.

B. Any unexpended or unencumbered balance at the end of a fiscal year shall not revert to the general fund".

House Energy and Natural Resources Committee amendment to HB553 attaches no additional appropriation to the legislation.

Synopsis of Original Bill

House Bill 553 makes an appropriation for a comprehensive hydrographic survey of the Pecos River basin. Specifically, the legislation seeks to appropriate \$250 million from the general fund to the Office of the State Engineer for expenditure in fiscal year 2007 and subsequent fiscal years to fund a comprehensive hydrographic survey of all water resources in the Pecos river drainage basin. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SIGNIFICANT ISSUES

The Department of Finance and Administration (DFA) notes that this bill would dramatically increase expenditures on Pecos River hydrology surveys at a time when the Pecos Settlement has already been reached, and is nearing implementation. It is estimated that only \$48,000.0 in additional appropriations are required to implement the settlement. It is unclear whether the intent of this appropriation is to assist in implementation of the settlement. What is clear is that this appropriation would allow for much more extensive hydrological understanding of the Pecos River than is currently available. DFA further indicates that while this appropriation would improve knowledge regarding the Pecos River, it would not likely assist the agency in meeting its performance goals of which implementation of the Pecos Settlement is one.

The Office of the State Engineer (OSE) notes that while this legislation would appropriate \$250 million for the expressed purpose of making a comprehensive hydrographic survey of the Pecos river drainage basin, major portions of hydrographic survey work have in fact already been completed on the Pecos, and the remaining elements include hydrographic survey field work in several areas that would take an estimated \$15,000,000 to \$20,000,000 to complete over the next ten to fifteen years.

ADMINISTRATIVE IMPLICATIONS

OSE notes that the influx of \$250 million would require a massive expansion of the State Engineer's Litigation and Adjudication Program (LAP), specifically the Pecos Adjudication Bureau. The current operating budget for the LAP is about \$6,713,000 for recurring expenses in adjudi-

cating water rights in the twelve stream system adjudication suits currently pending across the state. The appropriation in this bill would represent a growth in funding of approximately 37 times that amount, and earmarked specifically for only a single adjudication.

CONFLICT, DUPLICATION, COMPANIONSHIP OR RELATIONSHIP

This legislation is related to HB 175 which also addresses salt basin water development.

AMENDMENTS

OSE suggests the following amendments to the legislation:

Strike Section 1 in its entirety, and insert in lieu thereof the following new Section 1 to read:

“Section 1. APPROPRIATION.—

A. Two hundred fifty million dollars (\$250,000,000) is appropriated from the general fund to the funds and agencies identified below in the following amounts for expenditure in fiscal year 2007 and subsequent fiscal years for the following purposes:

(1) a final forty-eight million dollars (\$48,000,000) to the interstate stream commission to complete the Pecos River Compact settlement;

(2) one hundred and one million dollars (\$101,000,000) to the irrigation works construction fund for expenditure by the state engineer to support the completion of hydrographic surveys and the state’s prosecution of stream system adjudications; and

(3) one hundred and one million dollars (\$101,000,000) to the improvement of the Rio Grande income fund for expenditure by the state engineer to support the completion of hydrographic surveys and the state’s prosecution of stream system adjudications

B. Any unexpended or unencumbered balance at the end of a fiscal year shall not revert to the general fund.”

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