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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/5/06

SPONSOR Jennings LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Pecos River Basin Land Management Fund SB 611

ANALYST Hoffmann

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	None		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates House Bill 633.  
Relates to House Bill 553.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Office of the State Engineer (OSE)

Department of Finance and Administration, State Budget Division (DFA)

#### No Response From

State Treasurer's Office (STO)

### SUMMARY

#### Synopsis of Bill

Senate Bill 611 creates the "Pecos river basin land management fund." The fund shall consist of appropriations, grants, donations or bequests to the fund, all revenues from land purchased pursuant to Section 72-1-2.4 NMSA 1978. Money in the fund shall be invested pursuant to Chapter 6, Article 10 NMSA 1978. The Interstate Stream Commission shall adopt rules for managing the land and to administer the fund, and money in the fund is appropriated to the Interstate Stream Commission to manage the land pursuant to Section 72-1-2.4 NMSA 1978 and to manage well fields in the lower Pecos river basin. Money in the fund shall not revert at the end of the fiscal year. Disbursements shall be made on warrants signed by the Secretary of the Department of Finance and Administration pursuant to vouchers signed by the Director of the Interstate Stream Commission.

## **FISCAL IMPLICATIONS**

This bill does not make any direct cash appropriations to the fund.

According to the Department of Finance and Administration, there is indeterminate revenue impact because revenue flow into this fund would depend on future decisions regarding land management, appropriations, etc.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

## **SIGNIFICANT ISSUES**

The Office of the State Engineer provided the information below.

As part of the Pecos Settlement, the Interstate Stream Commission is in the process of acquiring 18,000 acres of land with appurtenant water rights or rights to the delivery of water and constructing augmentation well fields with a capacity to pump up to 20,000 acre feet per year. The management of the 18,000 acres of land would include payment of assessment fees where appropriate and controlling weed growth. Wherever appropriate, the lands may be leased for grazing or other uses to save cost of land maintenance. The estimated cost of assessment fees and land maintenance is seven to eight hundred thousand dollars annually.

In addition, the operation and maintenance of the augmentation well fields is estimated to cost another five to six hundred thousand dollars annually.

The fund created under this bill is intended to provide for the ongoing costs of the Pecos Settlement implementation.

According to the Department of Finance and Administration, it is unclear what revenue potential exists for the land partially because the appurtenant water rights would not be available for potential users to use. As the water rights purchased pursuant to Section 72-2-2.4 NMSA 1978 grow so does the amount of land that the agency will have to manage. Appropriations made to this fund could be used by the agency to manage these lands, but no appropriations to the fund are known to be under consideration.

## **ADMINISTRATIVE IMPLICATIONS**

The Department of Finance and Administration believes that the agencies involved have the administrative capacity to create and manage this fund.

## **DUPLICATION AND RELATIONSHIP**

House Bill 633 is a duplicate of this bill.

House Bill 553 appropriates \$250,000,000 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.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?**

According to the Office of the State Engineer, the Interstate Stream Commission will have to request annual appropriations to cover land management and augmentation well field operations to fulfill New Mexico's obligations under the Pecos Settlement.

CH/yr