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## FISCAL IMPACT REPORT

SPONSOR Griego ORIGINAL DATE 2-7-06  
 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Acequia Restoration and Rehabilitation Fund SB 706

ANALYST Woods

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
NFI	\$250.0	Non-Recurring	General

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	\$250.0		Non-Recurring	Acequia Restoration and Rehabilitation Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

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

### SUMMARY

#### Synopsis of Bill

Senate Bill 706, which relates to water, created the acequia restoration and rehabilitation fund, and makes an appropriation. Specifically the legislation seeks the following:

Section 1. ACEQUIA RESTORATION AND REHABILITATION FUND.--The "acequia restoration and rehabilitation fund" is created in the state treasury. The fund shall consist of money appropriated, donated or otherwise accruing to the fund and income from investment of money in the fund. Balances in the fund at the end of a fiscal year shall not revert

to any other fund. Money in the fund is appropriated to the interstate stream commission, which shall administer the fund in consultation with the acequia commission and the New Mexico acequia association, for investigations, studies, designs, planning, environmental compliance and construction of facilities to restore or rehabilitate acequias and community ditches and to pay for administrative costs of the fund. Money in the fund shall be disbursed on warrants signed by the secretary of finance and administration pursuant to vouchers signed by the chair of the interstate stream commission or the chair's designee.

Section 2. APPROPRIATION.--Two hundred fifty thousand dollars (\$250,000) is appropriated from the general fund to the acequia restoration and rehabilitation fund for expenditure in fiscal year 2007 and subsequent fiscal years to carry out the purposes of the acequia restoration and rehabilitation fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert.

### **FISCAL IMPLICATIONS**

The Office of the State Engineer, Interstate Stream Commission (OSE) indicates that the acequia restoration and rehabilitation fund, if properly supported, would negate the need for most capital outlays for repair and restoration of acequias in New Mexico.

The Department of Finance and Administration (DFA) adds that this legislation will bring together the Interstate Stream Commission, which is asked to consult with the State Acequia Commission, plus the nonprofit State Acequia Association on administering the Acequia Restoration and Rehabilitation Fund, and will disburse funds on warrants signed by the DFA secretary, based on vouchers issued by the Interstate Stream Commission chair.

### **SIGNIFICANT ISSUES**

OSE notes that the Interstate Stream Commission (ISC) administers the ISC Acequia Construction Program, involving grants and loans to acequias for the restoration and rehabilitation of acequias. The bulk of funds loaned or granted by the ISC are leveraged 3 to 1 with federal dollars. The bulk of capital outlays for acequias are also eligible and used in federal cost share programs through the ISC Acequia Construction Program.

OSE predicts that the legislation would streamline both the capital outlay and Acequia Construction program process and implement the consultation obligations of the NM Acequia Commission set out in NMSA 1978, § 73-2-66, which directs the Commission to “provide advice and assist the governor, legislature, office of the state engineer and interstate stream commission and the United States army corps of engineers in establishing acequia and community ditch rehabilitation priorities...”

OSE concludes that this legislation should make the funding of acequia capital projects smoother, quicker, and more focused on critical needs.

### **PERFORMANCE IMPLICATIONS**

OSE notes that the ISC will essentially assume the additional workload currently borne by the legislative capital outlay committees in relation to acequia capital outlays.

**ADMINISTRATIVE IMPLICATIONS**

OSE suggests that the ISC would need one additional full FTE staff to provide the necessary services.

**TECHNICAL ISSUES**

OSE indicates that the “shall not revert” clause in section 2 should be amended to specify that the monies shall not revert to the general fund. [See proposed amendment below]

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

DFA notes that there will continue to be no system nor dedicated funds to effectively respond to acequia ditch repair needs.

**AMENDMENTS**

OSE suggests the following amendment: On page 2, line 13, after the word “revert” insert “to the general fund”.

BW/mt