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FISCAL IMPACT REPORT

ORIGINAL DATE 1-31-2008

SPONSOR Crook LAST UPDATED _____ HB 579

SHORT TITLE Ute Pipeline Project Studies SB _____

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$1,000.0	Non-Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

SUMMARY

Synopsis of Bill:

House Bill 579 seeks to appropriate \$1,000,000 from the general fund to the Interstate Stream Commission for expenditure in fiscal year 2009 for the design of and environmental studies related to the Ute pipeline project. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

SIGNIFICANT ISSUES

OSE indicates that Eastern New Mexico communities currently depend on rapidly diminishing water supplies from the High Plains aquifers. Ute Reservoir was constructed by the state – \$125 million in 2006 dollars – to provide a renewable source of drinking water supplies for Eastern New Mexico communities. Ute Reservoir is the largest state-owned and operated reservoir in New Mexico.

OSE further advises that, during 2008, the New Mexico Congressional delegation will introduce Federal legislation to authorize the pipeline project. In order to secure this Federal funding and its benefits to the New Mexico communities, an Environmental Impact Statement was initiated in 2007. Continued Bureau of Reclamation support for the project requires that design of the water system be advanced to the 30 percent design milestone. This appropriation is required to

complete these studies, maintain the project schedule, and serve the critical water supply needs of eastern New Mexico. This appropriation would help the Interstate Stream Commission meet its 2008 strategic objectives for progress on completion of the project and supporting rural water development needs of New Mexico.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

OSE states: “Federal funding and support critical to the project could be lost or delayed.”

BFW/mt