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FISCAL IMPACT REPORT

SPONSOR Soules **ORIGINAL DATE** 01/28/14
LAST UPDATED 02/18/14 **HB** _____

SHORT TITLE Water Demand & Supply Study **SB** 138

ANALYST Armstrong

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
\$250.0		Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Related to SB 43

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

SUMMARY

Synopsis of Bill

Senate Bill 138 appropriates \$250 thousand from the general fund to the University of New Mexico (UNM), New Mexico State University (NMSU), and New Mexico Institute of Mining and Technology (NMIMT) to establish a working group of climatologists, hydrologists, demographers, and economists to conduct a study and complete a report on water supply, water demand, and related issues in New Mexico. This working group shall (1) develop a projection of the most likely scenarios for the state of water supply and demand, climate variability, and consequent economic impacts for the next 20 years and (2) develop a prioritized list of greatest vulnerabilities facing the state in the next 20 years. The bill requires that the report be delivered during the second session of the fifty-first legislature.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in SB 138 is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY15 shall revert.

The bill requires the appropriation be distributed to each institution on a pro rata basis:

- UNM would receive \$150 thousand for representatives from the university’s department of earth and planetary sciences, bureau of business and economic research, and department of economics;
- NMSU would receive \$50 thousand for a representative from the department of civil engineering; and
- NMIMT would receive \$50 thousand for a representative from the bureau of geology and mineral resources.

SIGNIFICANT ISSUES

In response to a bill identical to SB 138 that was introduced during the 2013 legislative session, NMSU summarized state water issues:

“Water plays a vital role in nearly every aspect of life, possibly more so in western states like New Mexico where supply is very limited and demand continues to grow. Lawsuits over water deliveries and water rights, the connection between the state’s energy sector and water, the steady decline in water in the state’s reservoirs due to continuing drought, and the economic impact of water on agriculture, energy development, businesses, endangered species, and household are at the forefront of critical issues New Mexico must face.

Policy makers and the general public must become better aware of the scenarios facing the state’s water supply and demand. Climate variability and its consequent economic impacts to the state must be studied. A list of vulnerabilities facing the state in the coming decades is necessary to helping direct resources to mitigate those vulnerabilities.”

According to OSE analysis, it is unlikely that one fiscal year is enough time to establish a working group, develop projections of the most likely scenarios for the state of water demand and supply, climate variability and consequent economic impacts for the next twenty years and to develop a prioritized list of the greatest related vulnerabilities facing the state.

AMENDMENTS

On page 2, line 13, OSE suggests inserting “related to water demand and supply and related issues” following “years”.

JA/jl