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FISCAL IMPACT REPORT

SPONSOR Woods ORIGINAL DATE 2/8/2015
 LAST UPDATED 2/23/2015 HB _____

SHORT TITLE Study Northeast NM Hydrogeology SB 423

ANALYST Hartzler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$1,724.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

- Section 4J Higher Education, New Mexico State University,
 - New Mexico Department of Agriculture
 - Research and Public Service Projects, Water Resources Research Institute
- Section 4E Agriculture, Energy, and Natural Resources; Office of State Engineer

Relates to HB 243 and SB 156, NMSU Water Resources Research Institute

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)

Office of State Engineer (OSE)

SUMMARY

Synopsis of Bill

Senate Bill 423 appropriates \$1.724 million from the general fund to New Mexico State University (NMSU) to study the hydrogeology of the aquifer underlying Colfax, Harding, Mora and Union Counties in northeast New Mexico.

FISCAL IMPLICATIONS

The appropriation of more than \$1.7 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2016 shall revert to the general fund. However, if this appropriation for the study is included in Section 4 of the General Appropriation Act, the funding will not revert to the general fund pursuant to legislative language governing that section.

If NMSU requires NMDA to complete the responsibilities identified in SB 423, the department noted that it may be unable to expend or encumber the entire appropriation by June 30, 2016. The department would need to collaborate with the counties listed to develop a scope of work, create requests for proposals to accomplish the work identified, and complete the work.

But, NMSU may administer the appropriation identified in SB 423 by directing the Water Resources Research Institute (WRRI), and not NMDA, to complete the work listed in the bill. For FY15, WRRI received nearly \$3 million in funding to expand its research and work on behalf of statewide goals. Of this revenue, the program received over \$300 thousand in general fund support, \$500 thousand from the corrective action fund and \$500 thousand from the attorney general's consumer settlement fund. Funding from the other state revenues sources support much of the nonrecurring research and studies that WRRI proposed for FY15.

For FY16, the LFC recommended a total of \$2 million to WRRI, including a \$470 thousand general fund appropriation, a 50 percent increase over the FY15 level, and \$500 thousand from the corrective action fund. (See HB 5.) It is possible that WRRI's proposed efforts for FY16 could include the studies listed in SB 423 should there be an increase in funding – whether as identified in HB 5, either HB 234 or SB 156 (duplicate bills, appropriating \$2 million in general fund revenues for WRRI), or SB 423.

OSE noted that the appropriation may duplicate state-funded work recently completed by OSE and the Bureau of Geology and Mineral Resources (Bureau). Both agencies completed major technical studies of the aquifers in this area. In addition, OSE commented that \$1.7 million seems disproportionate given that much work in this area has already been completed.

SIGNIFICANT ISSUES

A number of state and local government supported studies have been conducted in the counties and region identified in SB 423. The OSE recently developed a groundwater model covering Clayton, NM (2014), and the Bureau published a review of the hydrology in east-central Union County. The U.S. Geological Survey performs regular groundwater monitoring in this region. Lastly, Union County, the Northeast Soil and Water Conservation District, and the Nature Conservancy have been completing small-scale hydrological studies in this area periodically.

PERFORMANCE IMPLICATIONS

The bill does not refer to performance measures, though SB 423 requires publishing a final study or studies.

ADMINISTRATIVE IMPLICATIONS

The appropriation could be used to target areas not previously studied and require NMDA (or WRRI) to collaborate on the scope of work. It could be directed to WRRI to be incorporated in its work related to developing a statewide water budget and other studies.

RELATIONSHIP

SB 423 relates to efforts funded in the General Appropriation Act that are completed by OSE, WRRI, the Bureau, and others.

TECHNICAL ISSUES

The bill title includes NMDA, but the appropriation language does not mention the agency.

TH/bb/aml