

LFC Requester:

C. Carswell

AGENCY BILL ANALYSIS  
2024 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

**SECTION I: GENERAL INFORMATION**

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original  Amendment   
Correction  Substitute

Date 1/17/2024

Bill No: SB 1

Sponsor: Peter Wirth and Jack  
Chatfield  
Short Title: Water Trust Fund

Agency Name and Code  
Number: NMFA (385)  
Person Writing Michael Vonderheide  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
(\$100,000.00)		Nonrecurring	General Fund
\$100,000.00		Nonrecurring	Water Trust Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
None	None	None	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected

<b>Total</b>	NFI	NFI	NFI	NFI	N/A	N/A
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(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: yet to be introduced Water Project Fund Projects bill.

**SECTION III: NARRATIVE**

**BILL SUMMARY**

SB 1 appropriates \$100 million from the State’s general fund to the Water Trust Fund in fiscal year 2024.

**FISCAL IMPLICATIONS**

The Water Project Finance Act, §72-4A-1 to §72-4A-11, NMSA 1978, as amended (the “Act”), created the Water Trust Fund (“Fund”) as a permanent fund held at the state treasury to provide annual funding of water projects using earnings from the Water Trust Fund, while leaving the corpus of the Water Trust Fund intact for future earnings and distributions. To date, the Water Trust Fund has received a total of \$155 million in appropriations: \$40 million in 2006; \$15 million in 2007; and \$100 million from the State’s general fund in fiscal year 2024 per the General Appropriation Act of 2023 (House Bill 2) passed during the 2023 Regular Legislative Session.

Pursuant to Section 72-4A-8(B) of the Act, the State Investment Council has provided \$4 million annually since July 1, 2007. In 2007, the annual distribution of \$4 million from the Water Trust Fund represented 10% of the total fund.

**ADMINISTRATIVE IMPLICATIONS**

The Water Trust Fund is created in the state treasury and is invested by the state investment officer. Any earnings from the investments are to be credited to the Water Trust Fund. Money in the Water Trust Fund shall not be expended for any purpose, but an annual distribution shall be made to the Water Project Fund in accordance with the Act.

The Water Project Fund is administered by the NMFA, who in turn makes grants and loans for qualified projects recommended by the Water Trust Board and authorized by the Legislature.

**OTHER SUBSTANTIVE ISSUES**

The Water Project Fund has seen an increased use of the fund in recent years. This year the Water Trust Board received a record volume 65 applications totaling over \$275 million. The expectation is that demand for the Water Project Fund will remain high in coming years, while severance tax bond funding is expected to decrease.

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

The State Investment Council will continue to make distributions pursuant to the Act.