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FISCAL IMPACT REPORT

SPONSOR <u>Woods</u>	LAST UPDATED _____
	ORIGINAL DATE <u>3/10/2025</u>
	BILL <u>Senate Joint</u>
SHORT TITLE <u>Emergency Water for Portales</u>	NUMBER <u>Memorial 4</u>
	ANALYST <u>Davidson</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
OSE		Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Office of the State Engineer (OSE)
 New Mexico Department of Agriculture (NMDA)

Agency Analysis was Solicited but Not Received From
 New Mexico Counties

Agency Declined to Respond
 New Mexico Environment Department (NMED)

SUMMARY

Synopsis of Senate Joint Memorial 4

Senate Joint Memorial 4 requests the governor to develop a plan for delivering drinking water to the City of Portales and Roosevelt County. The memorial also requests the governor:

- Direct the Drought Task Force to investigate all potential resources or options to deliver drinking water to Portales;
- Declare a state of emergency regarding the lack of water for Portales;
- directs the Office of the State Engineer (OSE) board of directors for Eastern New Mexico Water Utility Authority (ENMWUA), the New Mexico Department of Agriculture (NMDA), the City of Portales, the Environment Department, and Curry and Roosevelt counties to coordinate and develop strategies for a regional water plan for the area; and
- Instructs the board of directors of ENMWUA to exercise its authority “by any available means” to enable the City of Portales to used the finish water 3 pipeline to deliver drinking water to the city’s water system.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The memorial tasks OSE to coordinate with Portales, ENMWUA, the New Mexico Water Utility Authority, the New Mexico Environment Department, the New Mexico Department of Agriculture, and Curry and Roosevelt Counties to develop and implement a regional water plan. Currently, OSE is already working on a statewide regional water plan, which includes analyzing and planning for problems such as the one highlighted in the bill. It is unclear if the regional water plan requested in the memorial would be in addition to the proposed plan being created by OSE. It is likely that all off the agencies and political subdivisions can develop the plan within existing resources

SIGNIFICANT ISSUES

The Office of the State Engineer (OSE) notes:

While the Office of the State Engineer and other state agencies, including emergency response agencies, work with municipalities to ensure that they can continue to provide water in emergency situations (including considerable efforts to protect the water supply of the City of Las Vegas during and after the Hermit’s Peak/Calf Canyon Fire), the state cannot take on the role of water provider of last resort for all communities in New Mexico. To the extent that the memorial suggests that the state condemn or commandeer water resources held by other users for use by Portales, that would face considerable legal obstacles. OSE would submit that a better approach would be to acquire water rights through purchase or lease from willing sellers.

OSE analysis further notes the memorial is incorrect in its statement that large-scale dairies consume more than eighty percent of the fresh water supply for the state. OSE notes agriculture use of water is approximately eighty percent of the water use by humans in the state. NMDA analysis echoes this analysis.

NMDA notes implementation of the memorial would require extensive engagement with the agricultural community in Roosevelt and Curry counties. NMDA analysis notes:

Under New Mexico law, water rights are considered a real property. Any efforts to transfer allocation of water between uses will require a cooperative, voluntary and incentive-based approach by the state. Agriculture is a major economic driver in Roosevelt County. In 2022, the county produced over \$372 million in agricultural products according to the United States Department of Agriculture’s 2022 Census of Agriculture.

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NMDA analysis also points to existing initiatives which are attempting to address aquifer depletion in the Ogalla region, such as the Readiness and Environmental Protection Integration (REPI) Clovis partnership and the Eastern New Mexico Sentinel Landscape Partnership. NMDA notes both of these efforts are aimed at reducing groundwater depletions to protect water supplies at Cannon Air Force Base and Melrose Air Force Range, while taking into account agriculture needs on water supply as well. NMDA also recommends the Roosevelt Soil and Water Conservation District be included in the regional water planning requested by the memorial, noting the district has existing infrastructure to aid in implementation and coordination.

AD/hj/SL2