



NEW MEXICO LEGISLATURE

**WATER AND
NATURAL RESOURCES
COMMITTEE**

2023 INTERIM FINAL REPORT

LEGISLATIVE COUNCIL SERVICE
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INTERIM SUMMARY

Water and Natural Resources Committee 2023 Interim Summary

The Water and Natural Resources Committee was created by the New Mexico Legislative Council for the 2023 interim and held five in-person meetings in Santa Fe, Las Vegas, Farmington and Las Cruces.

The committee covered a wide variety of topics related to water, energy, natural resources, conservation, agriculture, land management and animals. Water- and natural resources-related state agencies provided reports on legislative priorities, budget and staffing needs and statutorily-required reports. These reports included updates on the Rio Grande Trail, the San Juan Generating Station decommissioning process, the Land of Enchantment Legacy Fund, the Community Solar Act, Oil and Gas Act enforcement, the Water Data Act, the New Mexico Unit Fund, the Water Security Planning Act and the 2023 State Water Plan.

The committee dedicated a lot of time to issues pertaining to water, such as wildfire recovery; watershed restoration; acequia infrastructure; Water Policy and Infrastructure Task Force recommendations; the Navajo-Gallup Water Supply Project; the Colorado River Basin Agreement; Rio Grande Compact compliance; and water augmentation possibilities for the West, including desalination, importation, produced water recycling and reuse. The committee heard reports regarding water rights litigation and settlements, including the consent decree for the *Texas v. New Mexico* settlement and Indian water rights settlements.

A considerable amount of time was also dedicated to energy-related topics, including regional transmission organizations; oil field innovations to reduce natural gas emissions; development of the Western Inter-States Hydrogen Hub; innovations for future energy reliability, such as grid modernization plans, utility-scale storage and distributed energy resources; meeting Energy Transition Act standards; low-income utility rates; the Advanced Clean Cars and Trucks Rule and proposed electric vehicle tax credits; and geothermal energy development.

The committee heard presentations related to natural resources, conservation, agriculture, land management and animals, including public stream access; the Land and Water Conservation Fund Stateside Program; the 30x30 Initiative; updates on state and federal agriculture policies; the 2023 Farm Bill; the New Mexico Food, Farm, and Hunger Initiative; animal rescue, population management and veterinary training opportunities; statewide soil health and carbon management strategies; Department of Game and Fish reform; and a briefing on the pending *Atencio, et al. v. State of New Mexico* lawsuit.

The committee took tours of forest and watershed restoration sites in Las Vegas; the San Juan College School of Energy, the San Juan river diversion and Frank Chee Willetto Reservoir in Farmington; and the Rio Grande Winery in Las Cruces.

At the committee's final meeting, proposed legislation was discussed, and the committee voted to endorse three pieces of legislation that would: provide for a transfer to the Water Trust Fund; create a center of excellence for geothermal resources; and provide geothermal tax credits.

WORK PLAN AND MEETING SCHEDULE

**2023 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
WATER AND NATURAL RESOURCES COMMITTEE**

Members

Sen. Elizabeth "Liz" Stefanics, Chair
Rep. Matthew McQueen, Vice Chair
Rep. Gail Armstrong
Sen. Pete Campos
Rep. Kathleen Cates
Sen. Joseph Cervantes
Rep. Joanne J. Ferrary
Rep. Miguel P. García
Rep. Susan K. Herrera
Sen. Stuart Ingle
Rep. T. Ryan Lane

Rep. Tara L. Lujan
Rep. Marian Matthews
Rep. Kristina Ortez
Sen. Cliff R. Pirtle
Rep. Andrea Romero
Rep. Debra M. Sariñana
Rep. Larry R. Scott
Sen. Benny Shendo, Jr.
Sen. Jeff Steinborn
Sen. Pat Woods
Rep. Martin R. Zamora

Advisory Members

Rep. Christine Chandler
Rep. Jack Chatfield
Sen. Crystal R. Diamond
Rep. Candy Spence Ezzell
Rep. Jenifer Jones
Sen. Linda M. Lopez
Rep. Rod Montoya
Rep. Greg Nibert
Sen. Gerald Ortiz y Pino

Sen. Shannon D. Pinto
Rep. William "Bill" R. Rehm
Rep. G. Andrés Romero
Rep. Patricia Roybal Caballero
Sen. Antoinette Sedillo Lopez
Rep. Nathan P. Small
Sen. Mimi Stewart
Sen. Peter Wirth

Approved Work Plan

The Water and Natural Resources Committee was created by the New Mexico Legislative Council on May 1, 2023. The committee will focus on the following topics, as scheduling permits:

A. reports from water- and natural resources-related executive agencies, including statutory reports, agency initiatives, legislation passed and budget and staffing needs, including:

1. implementation of the Water Security Planning Act and regional water plans;
2. New Mexico state water plan 2023 review;
3. an update on the status, distributions and future of the New Mexico Unit Fund;
4. an update on the strategic water reserve;

5. implementation of the Water Data Act and aquifer mapping program;
6. the Community Solar Program and the results of the Public Regulation Commission process;
7. the effectiveness of renewable energy production tax credits, advanced energy tax credits and the advanced energy deduction;
8. the status of the Community Energy Efficiency Development Program;
9. lawsuits and penalty amounts for violations of the Oil and Gas Act;
10. implementation of the San Juan Generating Station Facility and Mine Remediation and Restoration Study Act and plans to ensure environmental compliance from owners of the generating facility and mine;
11. progress of the Rio Grande Trail Commission; and
12. updates from departmental tribal liaisons on state-tribal collaborations and cross-boundary resource management;

B. topics concerning water, including:

1. an update from the Water Policy and Infrastructure Task Force;
2. due process in water leases and the implications of court rulings on preliminary approvals;
3. a review of 2023 legislation to modernize water law, a water rights de novo review process and the possibility of creating specialized water-law courts;
4. reports on water rights litigation and settlements, including:
 - a. the *Aamodt* settlement, *State of New Mexico v. Aragon* and other Indian water rights litigations and settlements, including input from tribes;
 - b. *Texas v. New Mexico*;
 - c. *Sackett v. EPA*; and
 - d. Arizona's Gila River Indian Community Water Rights Settlement Agreement and Arizona Water Settlements Act updates;

5. an overview of Western states' water law and water needs, the Rio Grande Compact of 1939, the Colorado River Compact of 1922 and the recent Colorado River Basin Agreement and their impact on New Mexico water supply and agricultural uses;
6. an update on the Acequia and Community Ditch Infrastructure Fund and issues pertaining to acequias, agriculture and water health;
7. Middle Rio Grande Conservancy District and Lower Rio Grande Public Water Works Authority water technology investments and water management;
8. community water concerns, such as:
 - a. water contamination plumes and cleanup efforts at Los Alamos National Laboratory, Kirtland Air Force Base and White Sands Missile Range;
 - b. ground water contamination from fracking and mining operations;
 - c. water scarcity on New Mexico's military bases and its effect on national security;
 - d. the East Pecos Mutual Domestic Water Consumers' Association wastewater project;
 - e. water testing for lead in schools and daycare facilities;
 - f. abandoned contaminated sites, including dry cleaners; and
 - g. per- and polyfluoroalkyl substances rulemaking and lawsuits;
9. produced water and water use in oil and gas and natural resource extraction and an update from the New Mexico Produced Water Research Consortium;
10. water resource infrastructure funding and administration, including:
 - a. creation of a state water infrastructure management fund and planning and development office;
 - b. Tribal Infrastructure Project Fund updates and 2023 proposed projects; and
 - c. an update on the Drinking Water State Revolving Fund;
11. water line easements across state lines: processes and fees;

12. developing a surface water discharge program and surface water permitting;
13. a review of New Mexico's current water supply in streams and rivers and the implementation of an environmental flows program for critical ecosystem function;
14. the impacts of wildfires on watersheds and funding opportunities for river health and restoration, including:
 - a. an update on the federal Natural Resources Conservation Service's Emergency Watershed Protection Program;
 - b. post-fire flooding concerns and water-source protection;
 - c. the Rio Grande Water Fund forest and watershed restoration projects; and
 - d. an update on the Department of Environment's River Stewardship Program;
15. an update on the Navajo-Gallup Water Supply Project and other water deliveries to Indian nations, tribes and pueblos;
16. an update on the Liquid Waste Disposal System Assistance Fund;
17. Regional Water System Resiliency Act implementation and rulemaking;
18. using green and natural infrastructure to protect water quality and quantity;
19. an update from the Rio Grande Project Area Drought Resiliency Team and an update on rural and urban water conservation and extreme drought mitigation and plans for future growth and development;
20. brackish water and desalination technology pilot projects; and
21. an overview of historic pueblo-use water rights, federal reserve water rights and water rights established by state law;

C. topics concerning energy, including:

1. regulation of the oil and gas industry, including:
 - a. balancing the needs of the renewable energy industry and oil and gas production and the impact of climate change mandates; and

- b. oil and gas industry emission reductions and effectiveness of methane and ozone rules;
2. geothermal energy development legislation;
3. an overview of oil and gas leasing and economic diversification needed to replace the revenue of the oil and gas industry;
4. low-income utility rates;
5. carbon capture and sequestration; industrial-scale and natural solutions; community impacts of a carbon pipeline and storage buildout; and soil carbon sequestration as a strategy for climate resiliency;
6. an update from the Economic Development Department, Indian Affairs Department and Workforce Solutions Department on the Energy Transition Act and the "just transition" funds, including:
 - a. updates from the community advisory committees on input from tribes and affected communities; and
 - b. replacement power options and workforce retraining initiatives in affected communities;
7. green hydrogen development in New Mexico, including:
 - a. Western Inter-State Hydrogen Hub (WISHH) proposed projects;
 - b. the green hydrogen power plant at the Chevron Questa mine site in Questa;
 - c. saline aquifers as hydrogen feedstock; and
 - d. climate risk associated with hydrogen leakage;
8. decarbonizing energy and transportation and increasing renewable transportation, mass transit and other alternative transportation and shipping methods, such as trains and electric vehicles;
9. local economic development from the renewable energy industry and utility-scale investment in transmission and storage, including a review of energy grid reliability and modernization, regional transmission organizations, distributed energy resources and storage;

10. energy and water efficiency standards for appliances; building and home electrification; and the removal of nonfunctional turf from buildings;
11. combined cycle natural gas as an electric generation source;
12. the proposed climate investment center and environmental workforce development (Senate Bill 169 (2023));
13. federal Infrastructure Investment and Jobs Act and federal Inflation Reduction Act of 2022 funding and possible carbon standard for projects;
14. development of tribal energy resources and infrastructure, including:
 - a. Navajo Tribal Utility Authority updates on the Light Up Navajo initiative and the development of wind and solar power and energy storage on the Navajo Nation;
 - b. the federal Tribal Energy Development Capacity Grant program, energy sovereignty grants and renewable energy development on tribal lands;
 - c. the United States Economic Development Administration's Indigenous Communities program and the Pueblo of Jemez's energy independence study;
 - d. the federal Office of Indian Energy Policy and Programs and the Pueblo of Laguna's Village Community Solar project; and
 - e. Sandia National Laboratories' tribal energy internship program and the Tribal Energy Management Studies degree at San Juan College; and
15. state university and college science, technology, engineering and mathematics programs and projects in areas such as water, energy and biofuels;

D. topics concerning natural resources and conservation, including:

1. forest management, prescribed burn practices and compensation and reclamation efforts for wildfires, including:
 - a. Mescalero forest management and sawmill;
 - b. Jemez Mountains Firewise Association and wildland fire management;
 - c. drought and climate change driving fires and affecting forest carbon; and
 - d. state and local bans on fireworks due to drought and wildfire risk;

2. an update on the Environmental Database Act;
3. copper mining and reclamation projects;
4. the proposed New Mexico green amendment (House Joint Resolution 4 (2023) and Senate Joint Resolution 4 (2023));
5. the federal Clean Energy Minerals Reform Act;
6. soil and water conservation districts' impact on the environment, agriculture and fire and flood restoration and the impact of climate change on soils;
7. progress and funding needs for uranium cleanup projects on state and tribal land;
8. the Land of Enchantment Legacy Fund status and implementation;
9. improving New Mexico's state parks to increase visitation;
10. an update on the federal Land and Water Conservation Fund;
11. recycling and anti-littering initiatives and policies to address plastic pollution and the use of single-use plastics and Styrofoam;
12. *Atencio v. State of New Mexico* and other natural resources-related litigation;
13. state collaborations on health and climate issues, including:
 - a. the impacts of oil and gas extraction and large-facility pollution on human health, agriculture and other industries, New Mexico livelihoods and culture;
 - b. the proposed public health and climate resiliency fund (House Bill 42 (2023));
and
 - c. updates from the Climate Change Task Force and Technical Advisory Group;
and
14. public stream access and private land restrictions and the Blue Trails Program: developing New Mexico's water recreation economy; and

E. topics concerning agriculture, land management and animals, including:

1. Department of Game and Fish land purchases for 30x30 and 50x50 initiatives;
2. state meat inspection;

3. an update on the study of abandoned water wells on private and public property and the risks those wells pose to people and animals;
4. New Mexico food and farm initiatives, including:
 - a. land stewardship and economic opportunities for farmers, ranchers, food hubs and New Mexico businesses; and
 - b. the anticipated federal 2023 farm bill and how it can support New Mexico agriculture, consumers and nutrition-based programs;
5. a veterinary technician program to educate, attract and retain veterinarians; non-compete clauses for emergency pet health care services; physician's assistant veterinary licensure; extension of New Mexico's Loan-for-Service programs to include veterinary medicine (Senate Bill 404 (2023)); and the status of the Statewide Spay and Neuter subaccount of the Animal Care and Facility Fund;
6. Department of Game and Fish reform;
7. an update from New Mexico State University College of Agricultural, Consumer, and Environmental Sciences on weather stations, education and research centers and the statewide Indian Resources Development program;
8. private preserves and other management strategies for relocated wild horses;
9. livestock, farming and land management on tribal lands, including:
 - a. New Mexico Indian Livestock Days and funding opportunities to support Native American farmers and ranchers;
 - b. the Indigenous Farm Hub, New Mexico Food and Seed Sovereignty Alliance and teaching of traditional indigenous agricultural practices; and
 - c. an update from the Navajo Agricultural Products Industry on crop diversification and the Navajo Indian Irrigation Project;
10. impacts of lead shot on wildlife;
11. New Mexico's unique biodiversity: opportunities and challenges;
12. an overview of New Mexico's agricultural production and opportunities for growth, including agricultural resiliency through technological innovations; and
13. a report from the state climatologist on weather station installations.

**Water and Natural Resources Committee
2023 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
June 13	Santa Fe
July 10-11	Las Vegas
August 7-9	Farmington
October 3-5	Las Cruces
November 6-8	Santa Fe

AGENDAS AND MINUTES

**MINUTES
of the
FIRST MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE**

**June 13, 2023
State Capitol, Senate Chamber
Santa Fe**

The first meeting of the Water and Natural Resources Committee was called to order by Senator Elizabeth "Liz" Stefanics, chair, on June 13, 2023 at 9:37 a.m. in the Senate Chamber of the State Capitol in Santa Fe.

Present

Sen. Elizabeth "Liz" Stefanics, Chair
Rep. Matthew McQueen, Vice Chair
Rep. Gail Armstrong
Rep. Kathleen Cates
Rep. Joanne J. Ferrary
Rep. Miguel P. García
Rep. Susan K. Herrera
Sen. Stuart Ingle
Rep. T. Ryan Lane
Rep. Tara L. Lujan
Rep. Marian Matthews
Rep. Kristina Ortez
Rep. Andrea Romero
Rep. Debra M. Sariñana
Sen. Benny Shendo, Jr.
Sen. Jeff Steinborn
Sen. Pat Woods
Rep. Martin R. Zamora

Advisory Members

Sen. Crystal R. Diamond
Rep. Jenifer Jones
Sen. Linda M. Lopez
Rep. Rod Montoya
Rep. Greg Nibert
Rep. Patricia Roybal Caballero
Sen. Antoinette Sedillo Lopez
Rep. Nathan P. Small
Sen. Mimi Stewart

Absent

Sen. Pete Campos
Sen. Joseph Cervantes
Sen. Cliff R. Pirtle
Rep. Larry R. Scott

Rep. Christine Chandler
Rep. Jack Chatfield
Rep. Candy Spence Ezzell
Sen. Gerald Ortiz y Pino
Sen. Shannon D. Pinto
Rep. William "Bill" R. Rehm
Rep. G. Andrés Romero
Sen. Peter Wirth

Staff

Sara Wiedmaier, Researcher, Legislative Council Service (LCS)
Sheila Keleher, Researcher, LCS
Tom Kricka, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts and written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Tuesday, June 13**Call to Order and Introductions (9:37 a.m.)**

Senator Stefanics called the first meeting to order and asked members and staff to introduce themselves.

Discussion of the 2023 Work Plan and Meeting Schedule (9:43 a.m.)

Ms. Wiedmaier and members of the committee discussed the 2023 work plan and meeting schedule.

Approval of the 2023 Work Plan (10:02 a.m.)

Representative Zamora moved for approval of the 2023 work plan, seconded by Representative Lujan.

Approval of the 2023 Meeting Schedule (10:10 a.m.)

Representative Zamora moved for approval of the 2023 meeting schedule, seconded by Representative Herrera.

Overview of *Sackett v. Environmental Protection Agency*: Implications for Waters and Wetlands in New Mexico (10:12 a.m.)

John Rhoderick, director, Water Protection Division, Department of Environment (NMED), discussed the recent United States Supreme Court decision *Sackett v. Environmental Protection Agency* and the implications for the management of surface water in the state, which could include the exclusion of ephemeral and non-perennial surface waters from surface water protections under the federal National Pollutant Discharge Elimination System program. Subsequently, Mr. Rhoderick discussed the need for and benefits of a state surface water quality

permitting program and the NMED's current plans to implement a state program. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNRC%20061323%20Item%202%20NMED%20WOTUS%20and%20NM.pdf>.

Post-Session Report: Natural Resources (11:22 a.m.)

Charles Sallee, interim director, Legislative Finance Committee (LFC), and Brendon Gray, economist, LFC, provided the committee with a post-session fiscal report, a natural resources post-session review, a state financial outlook and a report on 2023 tax changes and legislation affecting revenues. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=6/13/2023&ItemNumber=3>.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 12:19 p.m.

Revised: July 7, 2023

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE**

**July 10-11, 2023
Luna Community College
Media Education Center
366 Luna Drive
Las Vegas**

Monday, July 10

- 9:30 a.m. **Call to Order and Introductions**
—Senator Elizabeth "Liz" Stefanics, Chair, Water and Natural Resources
Committee (WNRC)
—Representative Matthew McQueen, Vice Chair, WNRC
- 9:45 a.m. (1) **[Welcome and Updates on Luna Community College and the City of Las Vegas Forest and Watershed Restoration Efforts](#)**
—Edward A. Martinez, Ph.D., President, Luna Community College
—Louie Trujillo, Mayor, City of Las Vegas
- 10:45 a.m. (2) **[Regional Transmission Organization 101 and Renewable Transmission Buildout in New Mexico](#)**
—Fernando Martinez, Executive Director, New Mexico Renewable Energy
Transmission Authority
—Rikki Seguin, Executive Director, Interwest Energy Alliance
—Kathleen Staks, Executive Director, Western Freedom
—Luis A. Reyes Jr., Chief Executive Officer, Kit Carson Electric
Cooperative
- 12:00 noon **Public Comment***
- 12:15 p.m. **Lunch**
- 1:15 p.m. (3) **[Cimarron Dam Condition and Cimarroncito Reservoir Update](#)**
—Matthew E. Gonzales, Mayor, Village of Cimarron
- 1:45 p.m. (4) **[State Environmental Tax Incentive Programs](#)**
—Jeremy Lewis, Acting Director, Energy Conservation and Management
Division, Energy, Minerals and Natural Resources Department
(EMNRD)
—Michelle Miano, Director, Environmental Protection Division,
Department of Environment (NMED)

- 2:45 p.m. (5) [**Rio Grande Trail: Stakeholder Engagement, Trail Implementation and Commission Update**](#)
—Toby Velasquez, Director, State Parks Division, EMNRD
—Katrina Arndt, A.I.C.P., Associate Planner, Pland Collaborative
- 3:45 p.m. (6) [**Statewide Forest Management: Wildfire Recovery, Prescribed Burn Practices and an Update on the Rio Grande Water Fund Projects**](#)
—Laura McCarthy, State Forester, Forestry Division, EMNRD
—Steve Bassett, Director of Conservation Programs, New Mexico Chapter, The Nature Conservancy
—Zander Evans, Executive Director, Forest Stewards Guild
—Joshua L. Sloan, Ph.D., C.F., Associate Vice President of Academic Affairs: Forestry and the Reforestation Center, New Mexico Highlands University

5:00 p.m. **Recess**

Tuesday, July 11

- 9:00 a.m. (7) [**Local, State and Federal Collaboration on Disaster Recovery Efforts and Updates to the Acequia and Community Ditch Infrastructure Fund**](#)
—Paula Garcia, Executive Director, New Mexico Acequia Association
—Jonathan Martinez, Interstate Stream Commission (ISC)
—John Romero, Director, Highway Operations Support Division, Department of Transportation
—Kenneth J. Branch, Assistant State Conservationist, United States Department of Agriculture-Natural Resources Conservation Service (USDA-NRCS)
—Kenneth Alcon, State Resource Conservationist, USDA-NRCS
- 10:15 a.m. (8) [**Water Policy and Infrastructure Task Force: Progress and Priorities**](#)
—Mike Hamman, State Engineer, Office of the State Engineer (OSE)
—Hannah Riseley-White, Director, ISC
—Patrick McCarthy, Water Policy Officer, Thornburg Foundation
- 11:30 a.m. (9) [**Water Leaders Education Program Update**](#)
—Stacy Timmons, Associate Director, Hydrogeology, Bureau of Geology and Mineral Resources, New Mexico Institute of Mining and Technology
- 11:45 a.m. (10) [**City of Las Vegas Water Source Protection and Treatment and the Impacts of Wildfires, Flooding and Burn Scar Runoff on Watersheds**](#)
—Mike Hamman, State Engineer, OSE
—John Rhoderick, Director, Water Protection Division, NMED
—Maria Gilvarry, Utilities Director, City of Las Vegas

12:45 p.m. **Public Comment***

1:00 p.m. **Tour of Forest and Watershed Restoration Sites**

3:30 p.m. **Adjourn**

*For those wishing to make public comment virtually, please email comments to:
WNRC.Comment@nmlegis.gov.

**MINUTES
of the
SECOND MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE**

**July 10-11, 2023
Luna Community College
Media Education Center
355 Luna Drive
Las Vegas**

The second meeting of the Water and Natural Resources Committee was called to order by Senator Elizabeth "Liz" Stefanics, chair, on July 10, 2023 at 9:45 a.m. in the Media Education Center of Luna Community College in Las Vegas.

Present

Sen. Elizabeth "Liz" Stefanics, Chair
Rep. Matthew McQueen, Vice Chair
Sen. Pete Campos
Rep. Kathleen Cates
Sen. Joseph Cervantes
Rep. Miguel P. García (7/11)
Rep. Susan K. Herrera
Sen. Stuart Ingle (7/10)
Rep. T. Ryan Lane (7/10)
Rep. Tara L. Lujan
Rep. Kristina Ortez (7/10)
Sen. Cliff R. Pirtle
Rep. Debra M. Sariñana
Rep. Larry R. Scott
Sen. Pat Woods

Advisory Members

Rep. Christine Chandler
Sen. Linda M. Lopez (7/10)
Sen. Shannon D. Pinto (7/11)
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez
Rep. Nathan P. Small

Absent

Rep. Gail Armstrong
Rep. Joanne J. Ferrary
Rep. Marian Matthews
Rep. Andrea Romero
Sen. Benny Shendo, Jr.
Sen. Jeff Steinborn
Rep. Martin R. Zamora

Rep. Jack Chatfield
Sen. Crystal R. Diamond
Rep. Candy Spence Ezzell
Rep. Jenifer Jones
Rep. Rod Montoya
Rep. Greg Nibert
Sen. Gerald Ortiz y Pino
Rep. G. Andrés Romero
Rep. Patricia Roybal Caballero
Sen. Mimi Stewart
Sen. Peter Wirth

(Attendance dates are noted for members not present for the entire meeting.)

Staff

Sara Wiedmaier, Researcher, Legislative Council Service (LCS)

Sheila Keleher, Researcher, LCS

Tom Kricka, Staff Attorney, LCS

Ian Carillo, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, July 10

Welcome and Introductions (9:45 a.m.)

Senator Stefanics welcomed committee members and staff and asked members and staff to introduce themselves.

Welcome and Updates on Luna Community College and the City of Las Vegas Forest and Watershed Restoration Efforts (9:51 a.m.)

Edward A. Martinez, Ph.D., president, Luna Community College, and Louie Trujillo, mayor, City of Las Vegas, welcomed the committee to Las Vegas and discussed forest and watershed restoration efforts in the area. Dr. Martinez talked about legislative appropriations to the City of Las Vegas, provided an update on the state of Luna Community College and discussed the activities of the Wildfire Resiliency Training Center. Mr. Trujillo discussed the impact of the 2022 wildfires on the City of Las Vegas and recovery efforts. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20071023%20Item%201%20LCC.pdf>.

Approval of Minutes (10:59 a.m.)

Upon a motion made by Representative Lujan and seconded by Representative Cates, the committee approved the minutes of the June 13, 2023 meeting.

Regional Transmission Organization 101 and Renewable Transmission Buildout in New Mexico (11:05 a.m.)

Fernando Martinez, executive director, New Mexico Renewable Energy Transmission Authority; Rikki Seguin, executive director, Interwest Energy Alliance; Kathleen Staks,

executive director, Western Freedom; and Luis A. Reyes Jr., chief executive officer, Kit Carson Electric Cooperative, gave a presentation on regional transmission and renewable transmission buildout in the state. Ms. Seguin discussed regional transmission organizations and the challenges facing the electrical grid in the west. Ms. Staks talked about Western Freedom and the challenges and opportunities involved in creating a western regional transmission organization. Mr. Martinez provided an update on the Renewable Energy Transmission Authority's projects. Mr. Reyes discussed the Kit Carson Electric Cooperative and its projects in renewable energy transmission. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=7/10/2023&ItemNumber=2>.

Public Comment (1:04 p.m.)

A list of individuals making public comment is available in the meeting file.

Cimarron Dam Condition and Cimarroncito Reservoir Update (1:25 p.m.)

Matthew E. Gonzales, mayor, Village of Cimarron, discussed the Cimarron Dam and Cimarroncito Reservoir and the impact of the 2022 wildfires on the water system.

State Environmental Tax Incentive Programs (2:04 p.m.)

Jeremy Lewis, acting director, Energy Conservation and Management Division, Energy, Minerals and Natural Resources Department (EMNRD), and Michelle Miano, director, Environmental Protection Division, Department of Environment (NMED), talked about state environmental tax incentive programs, including the new solar market development income tax credit, renewable energy production tax credits, sustainable building tax credits, agricultural biomass tax credits and the biodiesel blending facility tax credit. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20071023%20Item%204%20EMNRD%20Tax%20Incentives.pdf>.

Rio Grande Trail: Stakeholder Engagement, Trail Implementation and Commission Update (2:45 p.m.)

Toby Velasquez, director, State Parks Division, EMNRD, and Katrina Arndt, A.I.C.P., associate planner, Pland Collaborative, presented an update on the Rio Grande Trail, including ongoing work implementing the 2018 Rio Grande Trail Master Plan, plans for a single state entity to manage the entirety of the trail and some next steps, including community outreach and funding and staffing needs. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=7/10/2023&ItemNumber=5>.

Statewide Forest Management: Wildfire Recovery, Prescribed Burn Practices and an Update on the Rio Grande Water Fund Projects (3:33 p.m.)

Laura McCarthy, state forester, Forestry Division, EMNRD; Steve Bassett, director of conservation programs, New Mexico Chapter, The Nature Conservancy; Zander Evans, executive director, Forest Stewards Guild; and Joshua L. Sloan, Ph.D., C.F., associate vice president of academic affairs: forestry and the reforestation center, New Mexico Highlands University (NMHU), provided a presentation on issues involving forest management and an update on Rio Grande Water Fund projects. Ms. McCarthy discussed ongoing projects and strategies to restore forest and watershed health and resilience, including fire management, stewarding of private lands and reforesting burned areas. Mr. Bassett talked about the Rio Grande Water Fund and how to protect water supplies from the risk of wildfire. Mr. Evans discussed collaborative restoration and resilience projects and the restoration economy. Mr. Sloan talked about the work of NMHU to support forest and watershed health and restoration. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=7/10/2023&ItemNumber=6>.

Recess

The meeting recessed at 4:46 p.m.

Tuesday, July 11

Local, State and Federal Collaboration on Disaster Recovery Efforts and Updates to the Acequia Community Ditch Infrastructure Fund (9:02 a.m.)

Paula Garcia, executive director, New Mexico Acequia Association; Jonathan Martinez, Interstate Stream Commission (ISC); John Romero, director, Highway Operations Support Division, Department of Transportation (DOT); Kenneth J. Branch, assistant state conservationist, United States Department of Agriculture-Natural Resources Conservation Service (USDA-NRCS); and Kenneth Alcon, state resource conservationist, USDA-NRCS, discussed intergovernmental collaboration on disaster recovery and provided an update on the Acequia Community Ditch Infrastructure Fund. Ms. Garcia talked about acequia infrastructure challenges, including the need to stabilize the Irrigation Works Construction Fund, develop capacity of the newly formed Acequia Bureau of the ISC and provide technical assistance for infrastructure planning, governance and financial compliance. Mr. Martinez discussed the activities of the Acequia Bureau of the ISC. Mr. Romero discussed the DOT's disaster recovery efforts. Mr. Branch and Mr. Alcon explained the role of the USDA-NRCS in assisting acequias affected by the 2022 wildfires. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=7/10/2023&ItemNumber=7>.

Water Policy and Infrastructure Task Force: Progress and Priorities (10:25 a.m.)

Mike Hamman, state engineer, Office of the State Engineer; Hannah Riseley-White, director, ISC; and Patrick McCarthy, water policy officer, Thornburg Foundation, presented the

progress and priorities of the Water Policy and Infrastructure Task Force, including a review of legislation from the 2023 regular legislative session and, looking ahead, developing funding mechanisms for water infrastructure, ensuring the state takes full advantage of available federal funding, strengthening water rights enforcement, growing the water workforce, assessing and improving ground water policy and management, expanding shortage-sharing agreements, investing in green and natural infrastructure and building state and local capacity for water projects, planning and operations. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=7/10/2023&ItemNumber=8>.

Water Leaders Education Program Update (11:34 a.m.)

Stacy Timmons, associate director, Hydrogeology, Bureau of Geology and Mineral Resources, New Mexico Institute of Mining and Technology, provided an update on the opportunities provided by the Water Leaders Education Program and discussed funding goals to support the water education program, the water data initiative and aquifer mapping and monitoring. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20071023%20Item%209%20Water%20Education%20Program.pdf>.

City of Las Vegas Water Source Protection and Treatment and the Impacts of Wildfires, Flooding and Burn Scar Runoff on Watersheds (11:45 a.m.)

Mr. Hamman; John Rhoderick, director, Water Protection Division, NMED; and Maria Gilvarry, utilities director, City of Las Vegas, discussed the protection and treatment of the City of Las Vegas' water sources and recovery from the 2022 wildfires. Mr. Hamman talked about water rights in the Gallinas system, the City of Las Vegas' fire disaster response and projects on Storrie Lake. Mr. Rhoderick discussed the operational challenges of water management in the City of Las Vegas, current projects and issues and options moving forward. Ms. Gilvarry provided more detail on water management issues facing the City of Las Vegas. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=7/10/2023&ItemNumber=10>.

Public Comment (12:40 p.m.)

A list of individuals making public comment is available in the meeting file.

Tour of Forest and Watershed Restoration Sites (1:00 p.m.)

Adjournment

There being no further business before the committee, the meeting adjourned at 12:46 p.m.

Revised: August 8, 2023

**TENTATIVE AGENDA
for the
THIRD MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE**

**August 7-9, 2023
San Juan College
School of Energy, Merrion Room
5301 College Boulevard
Farmington**

Monday, August 7

- 10:00 a.m. **Call to Order and Introductions**
—Senator Elizabeth "Liz" Stefanics, Chair, Water and Natural Resources
Committee (WNRC)
—Representative Matthew McQueen, Vice Chair, WNRC
- 10:15 a.m. (1) **[Welcome and Updates from the City of Farmington and San Juan
County](#)**
—Nate Duckett, Mayor, City of Farmington
—Mike Stark, Manager, San Juan County
- 11:00 a.m. (2) **[Updates on Navajo Nation Infrastructure](#)**
—Patrick J. Sandoval, Chief of Staff, Office of the President, Navajo Nation
—Arvin Trujillo, Executive Administrator, Office of the President, Navajo
Nation
—Srinivasa "Veni" Venigalla, P.E., Deputy General Manager, Navajo
Tribal Utility Authority (NTUA)
- 12:00 noon (3) **[Welcome and Updates on San Juan College \(SJC\) School of Energy
Programs and Tour](#)**
—Toni Pendergrass, Ph.D., President, SJC
—Alicia Corbell, Dean, School of Energy, SJC
- 1:00 p.m. **Lunch**
- 1:45 p.m. (4) **[Department of Game and Fish \(DGF\): Legislative Priorities, Budget
and Staffing Update and Role in the 30x30 Initiative](#)**
—Michael Sloane, Director, DGF

- 2:45 p.m. (5) [Public Stream Access and Ruling on Private Land Restrictions](#)
—Michael Sloane, Director, DGF
—James Grayson, Chief Deputy Attorney General, Office of the Attorney General
—Jesse Deubel, Executive Director, New Mexico Wildlife Federation
- 4:00 p.m. (6) [Strategic Water Reserve and Environmental Flows: Ensuring Compact Compliance and Protecting Endangered Species](#)
—Hannah Riseley-White, Director, Interstate Stream Commission
—Anjali Bean, Healthy Rivers Senior Policy Analyst, Western Resource Advocates
—Aaron Chavez, Executive Director, San Juan Water Commission

5:00 p.m. **Public Comment***

5:15 p.m. **Recess**

Tuesday, August 8

- 8:00 a.m. **Tour of San Juan River Diversion and the Frank Chee Willetto Reservoir**
- 10:15 a.m. (7) [Navajo-Gallup Water Supply Project Update](#)
—Ryan Gladden, P.E., Deputy Construction Engineer, United States Bureau of Reclamation
—Mike Hamman, P.E., State Engineer, Office of the State Engineer (OSE)
—Jason John, Director, Department of Water Resources Navajo Nation
- 11:15 a.m. (8) [Local to Regional Water Resiliency: Colorado River 101 and Basin Agreement, San Juan-Chama and Animas-La Plata Project Updates](#)
—Estevan Lopez, Commissioner, Upper Colorado River Commission
—Mike Hamman, P.E., State Engineer, OSE
—Aaron Chavez, Executive Director, San Juan Water Commission
- 12:15 p.m. **Lunch**
- 1:15 p.m. **Public Comment***
- 1:30 p.m. (9) [Aquifer Mapping Program Update: Characterization and Monitoring](#)
—Stacy Timmons, Associate Director, Hydrogeology, Bureau of Geology and Mineral Resources, New Mexico Institute of Mining and Technology (NMIMT)
—Laila Sturgis, Aquifer Mapping Program Manager, Bureau of Geology and Mineral Resources, NMIMT

—Patrick McCarthy, Water Policy Officer, Thornburg Foundation
—Maurice Hall, Ph.D., Senior Advisor, Climate Resilient Water Systems,
Environmental Defense Fund

2:45 p.m. (10) **Innovations In and Out of the Oil Field: Local Energy Sector Public-Private Partnerships**

—Jim Rhodes, Senior Vice President and Head of Engineering, Process Equipment and Service Company, Inc.
—Robert Balch, Ph.D., Director, Petroleum Recovery Research Center, NMIMT
—Colleen W. Bowman, Ed.D., Provost, Navajo Technical University
—Jay Paul McWilliams, Chief Executive Officer (CEO), LOGOS Energy

3:45 p.m. (11) **Hydrogen Development: Western Inter-States Hydrogen Hub, Green and Blue Hydrogen, Opportunities and Concerns**

—Claudia Borchert, Climate Change Bureau Chief, Department of Environment (NMED)
—Luis Cifuentes, Ph.D., Vice President for Research, New Mexico State University
—Matthew Gonzales, Vice President of Advocacy and Communications, Four Corners Clean Energy Alliance
—Noah Long, Director, Western Region Climate and Clean Energy Program, Natural Resources Defense Council
—Luis A. Reyes Jr., CEO, Kit Carson Electric Cooperative
—Jessica Keetso, Organizer, Tó Nizhóní Ání "Sacred Water Speaks"

5:15 p.m. **Recess**

Wednesday, August 9

9:00 a.m. (12) **The Decommissioning Process and Update on San Juan Generating Station Facility and Mine Remediation and Restoration Study Act**

—Tony Skrelunas, Executive Director, Division of Economic Development, Navajo Nation
—Sarah Cottrell Propst, Secretary, Energy, Minerals and Natural Resources Department (EMNRD)
—Jason Herman, Pollution Prevention Section Manager, Ground Water Quality Bureau, NMED
—Brent Heffington, Managing Director of Generation, Public Service Company of New Mexico (PNM)

10:15 a.m. (13) **Land of Enchantment Legacy Fund Implementation and Impact**

—Sarah Cottrell Propst, Secretary, EMNRD
—Kate Lacey, River Stewardship Program Coordinator, Surface Water Quality Bureau, NMED
—Carl Colonius, New Mexico Outdoor Recreation Division, Economic Development Department (EDD)
—Josue de Luna, Climate Policy Innovator, The Semilla Project

11:15 a.m. (14) **Meeting Energy Transition Act Standards: Energy Replacement**
—Laura Sanchez, Executive Director, Government and Public Affairs,
PNM
—Mark Roper, Director, Economic Development Division, EDD
—Arash N. Moalemi, Deputy General Manager, NTUA Generation, Inc.
—TBD, NextEra Energy
—Joseph Hernandez, Diné Energy Organizer, NAEVA

11:30 p.m. **Public Comment***

12:00 noon **Adjourn**

*For those wishing to make public comments virtually, please email comments to:
WNRC.Comment@nmlegis.gov.

**MINUTES
of the
THIRD MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE**

**August 7-9, 2023
San Juan College
School of Energy, Merrion Room
5301 College Boulevard
Farmington**

The third meeting of the Water and Natural Resources Committee was called to order by Senator Elizabeth "Liz" Stefanics, chair, on Monday, August 7, 2023, at 10:12 a.m. at the School of Energy at San Juan College (SJC) in Farmington.

Present

Sen. Elizabeth "Liz" Stefanics, Chair
Rep. Matthew McQueen, Vice Chair (8/7, 8/8)
Sen. Pete Campos
Rep. T. Ryan Lane
Rep. Tara L. Lujan (8/7, 8/8)
Rep. Kristina Ortez (8/7, 8/8)
Sen. Benny Shendo, Jr.
Sen. Pat Woods
Rep. Martin R. Zamora

Absent

Rep. Gail Armstrong
Rep. Kathleen Cates
Sen. Joseph Cervantes
Rep. Joanne J. Ferrary
Rep. Miguel P. García
Rep. Susan K. Herrera
Sen. Stuart Ingle
Rep. Marian Matthews
Sen. Cliff R. Pirtle
Rep. Andrea Romero
Rep. Debra M. Sariñana
Rep. Larry R. Scott
Sen. Jeff Steinborn

Advisory Members

Rep. Jack Chatfield
Rep. Rod Montoya
Sen. Shannon D. Pinto (8/7)
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez

Rep. Christine Chandler
Sen. Crystal Diamond Brantley
Rep. Candy Spence Ezzell
Rep. Jenifer Jones
Sen. Linda M. Lopez
Rep. Greg Nibert
Sen. Gerald Ortiz y Pino
Rep. G. Andrés Romero
Rep. Patricia Roybal Caballero
Rep. Nathan P. Small
Sen. Mimi Stewart
Sen. Peter Wirth

Guest Legislators

Rep. Anthony Allison (8/7, 8/8)

Rep. Mark Duncan (8/9)

Sen. Steven P. Neville (8/8, 8/9)

(Attendance dates are noted for members not present for the entire meeting.)

Staff

Erika Falance, Interim Committee Coordinator, Legislative Council Service (LCS)

Sheila Keleher, Researcher, LCS

Tom Kricka, Staff Attorney, LCS

Sara Wiedmaier, Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, August 7**Welcome and Introductions (10:12 a.m.)**

Senator Stefanics and committee members introduced themselves, shared their love of San Juan County and thanked the School of Energy at SJC for their hospitality.

Welcome and Updates from the City of Farmington and San Juan County (10:19 a.m.)

Nate Duckett, mayor, City of Farmington, and Mike Stark, manager, San Juan County, provided a presentation on the water levels in local lakes, the economic landscape changes in San Juan County, population and employment trends in San Juan County and current projects taking place within the county. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20080723%20Item%201%20San%20Juan%20County.pdf>.

Welcome and Updates on Navajo Nation Infrastructure (11:23 a.m.)

Patrick J. Sandoval, chief of staff, Office of the President, Navajo Nation; Arvin Trujillo, executive administrator, Office of the President, Navajo Nation; and Srinivasa "Veni" Venigalla,

P.E., deputy general manager, Navajo Tribal Utility Authority, provided a presentation on living conditions on the Navajo Nation, the Light Up Navajo program and opportunities to bring power and water to those living on the Navajo Nation in the future. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=2>.

Welcome and Updates on SJC School of Energy Programs and Tour (12:46 p.m.)

Toni Pendergrass, Ph.D., president, SJC, and Alicia Corbell, dean, School of Energy, SJC, gave information about the student population of SJC, including its demographics, degrees offered and statistics involving the School of Energy. Committee members toured the School of Energy. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=3>.

Department of Game and Fish (DGF): Legislative Priorities, Budget and Staffing Update and Role in the 30x30 Initiative (1:53 p.m.)

Michael Sloane, director, DGF, provided a presentation on the state of the DGF, including the necessity for a hunting and fishing license fee increase to continue operating at the current level.

Public Stream Access and Ruling on Private Land Restrictions (2:44 p.m.)

Mr. Sloane; James Grayson, chief deputy attorney general, Office of the Attorney General; and Jesse Deubel, executive director, New Mexico Wildlife Federation, provided a presentation on the challenges, legalities and future possibilities of ensuring public access to public waters, as promised by the Constitution of New Mexico and New Mexico Supreme Court rulings. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=5>.

Strategic Water Reserve and Environmental Flows: Ensuring Compact Compliance and Protecting Endangered Species (3:40 p.m.)

Hannah Riseley-White, director, Interstate Stream Commission; Anjali Bean, healthy rivers senior policy analyst, Western Resource Advocates; and Aaron Chavez, executive director, San Juan Water Commission, provided presentations on water and wildlife recovery and the benefits of that recovery to the environment and recreation. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=6>.

Public Comment (4:27 p.m.)

A list of individuals making public comment is available in the meeting file.

Recess

The meeting recessed at 5:04 p.m.

Tuesday, August 8

Reconvene

The meeting reconvened at 10:30 a.m.

Navajo-Gallup Water Supply Project Update (10:30 a.m.)

Ryan Gladde, P.E., deputy construction engineer, United States Bureau of Reclamation; Mike Hamman, P.E., state engineer, Office of the State Engineer; and Jason John, director, Department of Water Resources, Navajo Nation, provided a presentation with updates on the Navajo-Gallup Water Supply Project. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=7>.

Local to Regional Water Resiliency: Colorado River 101 and Basin Agreement, San Juan-Chama and Animas-La Plata Project Updates (11:29 a.m.)

Estevan Lopez, commissioner, Upper Colorado River Commission; Mr. Hamman; and Mr. Chavez provided updates on the aforementioned projects. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=8>.

Public Comment (1:22 p.m.)

A list of individuals making public comment is available in the meeting file.

Approval of Minutes (1:38 p.m.)

Upon a motion made by Senator Campos and seconded by Representative Lujan, the committee approved the minutes of the July 10-11, 2023 meeting.

Aquifer Mapping Program Update: Characterization and Monitoring (1:39 p.m.)

Stacy Timmons, associate director, Hydrogeology, Bureau of Geology and Mineral Resources, New Mexico Institute of Mining and Technology (NMIMT); Laila Sturgis, aquifer mapping program manager, Bureau of Geology and Mineral Resources, NMIMT; Patrick McCarthy, water policy officer, Thornburg Foundation; and Maurice Hall, Ph.D., vice president, Climate Resilient Water Systems, Environmental Defense Fund, provided a presentation on ground water resilience, NMIMT's aquifer mapping program and recommendations for ground water management. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=9>.

Innovations In and Out of the Oil Field: Local Energy Sector Public-Private Partnerships (2:52 p.m.)

Jim Rhodes, senior vice president and head of engineering, Process Equipment and Service Company, Inc. (PESCO); Robert Balch, Ph.D., director, Petroleum Recovery Research Center, NMIMT; Colleen W. Bowman, Ed.D., provost, Navajo Technical University; and Jay Paul McWilliams, chief executive officer (CEO), LOGOS Energy, provided company overviews for LOGOS Energy and PESCO and reported on water research at the Petroleum Recovery Research Center. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=10>.

Hydrogen Development: Western Inter-States Hydrogen Hub, Green and Blue Hydrogen, Opportunities and Concerns (4:09 p.m.)

Claudia Borchert, climate change bureau chief, Department of Environment (NMED); Luis Cifuentes, Ph.D., vice president for research, New Mexico State University; Matthew Gonzales, vice president of advocacy and communications, Four Corners Clean Energy Alliance; Noah Long, director, Western Region Climate and Clean Energy Program, Natural Resources Defense Council; Luis A. Reyes, Jr., CEO, Kit Carson Electric Cooperative; and Jessica Keetso, organizer, Tó Nizhóní Ání "Sacred Water Speaks", provided a presentation on hydrogen development at several organizations throughout the state. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=11>.

Recess

The meeting recessed at 5:45 p.m.

Wednesday, August 9

Reconvene

The meeting reconvened at 9:08 a.m.

The Decommissioning Process and Update on San Juan Generating Station Facility and Mine Remediation and Restoration Study Act (9:09 a.m.)

Tony Skrelunas, executive director, Division of Economic Development, Navajo Nation; Sarah Cottrell Propst, secretary, Energy, Minerals and Natural Resources Department; Jason Herman, pollution prevention section manager, Ground Water Quality Bureau, NMED; and Brent Heffington, managing director of generation, Public Service Company of New Mexico, provided updates on the San Juan Generating Station and Mine remediation and renewable energy projects. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=12>.

Land of Enchantment Legacy Fund Implementation and Impact (10:37 a.m.)

Secretary Cottrell Propst; Kate Lacey, river stewardship program coordinator, Surface Water Quality Bureau, NMED; Carl Colonius, New Mexico Outdoor Recreation Division, Economic Development Department; and Josue de Luna, climate policy innovator, The Semilla Project, provided a presentation on the programs and state agencies impacted by the Land of Enchantment Legacy Fund, as well as information about the NMED River Stewardship Program. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=8/7/2023&ItemNumber=13>.

Public Comment (11:21 a.m.)

A list of individuals making public comment is available in the meeting file.

Adjournment

There being no further business before the committee, the meeting adjourned at 11:28 a.m.

Revised: October 2, 2023

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE**

**October 3-5, 2023
Corbett Center Student Union, West Ballroom
New Mexico State University
1600 International Mall
Las Cruces**

Tuesday, October 3

- 9:00 a.m. **Call to Order and Introductions**
—Senator Elizabeth "Liz" Stefanics, Chair, Water and Natural Resources
Committee (WNRC)
—Representative Matthew McQueen, Vice Chair, WNRC
- 9:15 a.m. (1) **[Welcome and Updates from New Mexico State University \(NMSU\)](#)**
—Jay Gogue, Ph.D., President, NMSU
- 10:00 a.m. (2) **[Implementing the Consent Decree for the *Texas v. New Mexico* Settlement](#)**
—Nathaniel "Nat" Chakeres, General Counsel, Office of the State Engineer
—John Longworth, Senior Projects Manager, Office of the State Engineer
—Zachary Ogaz, Assistant Attorney General, Office of the Attorney
General
—Samantha Barncastle, General Counsel, Elephant Butte Irrigation District
(EBID)
- 11:00 a.m. (3) **[Southern New Mexico Water Concerns and Efforts to Meet Rio Grande Compact Compliance](#)**
—Mike Hamman, P.E., State Engineer, Office of the State Engineer
—Hannah Riseley-White, Director, Interstate Stream Commission
—Jason Casuga, Chief Engineer and Chief Executive Officer, Middle Rio
Grande Conservancy District
—Stuart Paisano, Governor, Pueblo of Sandia (invited)
—Gary Esslinger, Manager, EBID
—Jennie Bierner-Shepperd, Chair, San Miguel Community Ditch

- 12:15 p.m. **Working Lunch**
- (4) **[Water Data Act Implementation Update and Next Steps](#)**
—Stacy Timmons, Associate Director, Hydrogeology, Bureau of Geology and Mineral Resources, New Mexico Institute of Mining and Technology
—John Rhoderick, Director, Water Protection Division, Department of Environment (NMED)
—Kevin Myers, Senior Reclamation Specialist, Mining Act Reclamation Program, Energy, Minerals and Natural Resources Department (EMNRD)
—Hannah Riseley-White, Director, Interstate Stream Commission
- 1:45 p.m. **Public Comment**
- 2:00 p.m. (5) **[White Sands Test Facility Plume Update](#)**
—Kate Girard, Executive Director, Office of Natural Resources Trustee
—Rick Shean, Director, Resource Protection Division, NMED
—Gill Sorg, Supervisor, Dona Ana Soil and Water Conservation District
- 3:00 p.m. (6) **[2023 Farm Bill and Updates on State and Federal Agriculture Policy](#)**
—Jeff M. Witte, Director, New Mexico Department of Agriculture (NMDA)
—Belinda Garland, Executive Director, New Mexico Livestock Board
—Rebecca Dow, Executive Assistant, New Mexico Association of Conservation Districts
—Allen Malone, Ed.D., Associate Director, Cooperative Extension Service, NMSU
—Pam Roy, Coordinator, New Mexico Food and Agriculture Policy Council, and Executive Director, Farm to Table
- 4:15 p.m. (7) **[New Mexico Agriculture: Growers, Consumers and the New Mexico Food, Farm, and Hunger Initiative](#)**
—Jeff M. Witte, Director, NMDA
—Kendal Chavez, Food and Hunger Advisor, Public Education Department
—Lorenzo Alba, Jr., Executive Director, Casa de Peregrinos Food Pantry
—Travis Day, Executive Director, New Mexico Chile Association
—Chris Goblet, Executive Director, New Mexico Wine
- 5:15 p.m. **Recess for Tour of Rio Grande Winery**

Wednesday, October 4

- 9:00 a.m. (8) **[Companion Animal Rescue, Population Management and Veterinary Training Opportunities](#)**
—Jessica Johnson Shelton, Chief Government Affairs Officer, Animal Protection Voters

- Belinda Garland, Executive Director, New Mexico Livestock Board
- William J. Duran, Executive Director, Board of Veterinary Medicine
- Heather Romero, Financial Aid Manager, Higher Education Department

10:00 a.m. (9) **Public Regulation Commission (PRC): Legislative Priorities, Budget and Staffing Update**

- Cholla Khoury, Chief of Staff, PRC
- Pat O'Connell, Commissioner and Chair, PRC
- Miranda Mascareñas, Chief Financial Officer, PRC

11:00 a.m. (10) **Solar for All, Low-Income Solar Funding and the Community Solar Act**

- Jeremy Lewis, Deputy Director, Energy Conservation and Management Division, EMNRD
- Christopher Worley, Director, Public Policy, Sunrun
- Cholla Khoury, Chief of Staff, PRC
- Kevin Cray, Mountain West Senior Director, Coalition for Community Solar Access
- Christian Casillas, Director, Policy Development and Research, Coalition of Sustainable Communities

12:15 p.m. **Lunch**

1:15 p.m. (11) **Innovations for Future Energy Reliability: Grid Modernization Plans, Utility-Scale Storage and Distributed Energy Resources**

- Pat O'Connell, Commissioner and Chair, PRC
- Jim DesJardins, Executive Director, Renewable Energy Industries Association of New Mexico
- Seth Nelson, Director, Development, GridLiance, NextEra Energy Transmission, LLC
- Reginald Rudolph, Chief Energy Innovations Officer, Tri-State Generation and Transmission Association, Inc.
- Abbas Akhil, Principal, Renewable Energy Ventures, LLC

2:30 p.m. (12) **Meeting Energy Transition Act Standards: Renewable Energy Replacement Options and Integrated Resource Plans**

- Craig Johnson, Director, Renewable Energy Office, State Land Office (SLO)
- Laura Sanchez, Executive Director, Government and Public Affairs, Public Service Company of New Mexico
- Zoë Lees, Regional Vice President, Xcel Energy
- Alex DeGolia, Director, State Legislative and Regulatory Affairs, U.S. Region, Environmental Defense Fund (EDF)

- 3:45 p.m. (13) [Community Energy Efficiency Development Block Grant Program and Low-Income Utility Rates](#)
—Rebecca "Puck" Stair, Director, Energy Conservation and Management Division, EMNRD
—Tammy Fiebelkorn, New Mexico Representative, Southwest Energy Efficiency Project
—Gabe Pacyniak, Professor of Law, University of New Mexico (UNM) School of Law; Faculty Supervisor, Natural Resources and Environmental Law Clinic, UNM School of Law
—Dawn Z. Hommer, Chief Executive Officer, Community Action Agency of Southern New Mexico

4:45 p.m. **Public Comment**

5:00 p.m. **Recess**

Thursday, October 5

- 9:00 a.m. (14) [Oil and Gas Act Enforcement: Setbacks, Orphaned Wells and Methane Rules](#)
—Dylan Fuge, Director, Oil Conservation Division, EMNRD
—Sunalei Stewart, Deputy Commissioner of Operations, SLO
—Tannis Fox, Senior Attorney, Western Environmental Law Center
—John Smitherman, Senior Advisor, New Mexico Oil and Gas Association

- 10:15 a.m. (15) [Water Augmentation Possibilities for the West](#)
—John Rhoderick, Director, Water Protection Division, NMED
—Greg Gates, P.E., Water Resources Practice Lead, Hazen and Sawyer
—Pei Xu, Ph.D., Department of Civil Engineering, NMSU
—Zacariah Hildenbrand, Ph.D., Chief Scientific Officer, Infinity Water Solutions
—Bruce Thomson, Ph.D., Professor Emeritus, Department of Civil, Construction and Environmental Engineering, UNM
—Sam Fernald, Ph.D., Professor, Watershed Management, Department of Animal and Range Sciences; Director, New Mexico Water Resources Research Institute, NMSU

- 11:45 a.m. (16) [Statewide Soil Health and Carbon Management Strategies](#)
—Leslie Edgar, Ph.D., Associate Dean and Director, Agricultural Experiment Station, NMSU
—Rajan Ghimire, Ph.D., Associate Professor, Plant and Environmental Sciences Department; Faculty, Clovis Agricultural Science Center, NMSU
—John Idowu, Ph.D., Professor, Extension Plant Sciences Department; Research Director, Leyendecker Plant Science Research Center, NMSU

12:45 p.m. **Public Comment**

1:00 p.m. **Adjourn**

**MINUTES
of the
FOURTH MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE**

**October 3-5, 2023
Corbett Center Student Union, West Ballroom
New Mexico State University
1600 International Mall
Las Cruces**

The fourth meeting of the Water and Natural Resources Committee was called to order by Senator Elizabeth "Liz" Stefanics, chair, on Tuesday, October 3, 2023, at 9:15 a.m at the West Ballroom of the Corbett Center Student Union at New Mexico State University (NMSU) in Las Cruces.

Present

Sen. Elizabeth "Liz" Stefanics, Chair
Rep. Matthew McQueen, Vice Chair
Sen. Pete Campos (10/3, 10/4)
Rep. Kathleen Cates (10/3)
Sen. Joseph Cervantes
Rep. Joanne J. Ferrary
Rep. Susan K. Herrera (10/3, 10/4)
Rep. T. Ryan Lane
Rep. Tara L. Lujan (10/5)
Rep. Debra M. Sariñana
Rep. Larry R. Scott
Sen. Jeff Steinborn (10/3, 10/5)
Sen. Pat Woods
Rep. Martin R. Zamora

Advisory Members

Sen. Shannon Pinto (10/4, 10/5)
Rep. Nathan P. Small

Absent

Rep. Gail Armstrong
Rep. Miguel P. García
Sen. Stuart Ingle
Rep. Marian Matthews
Rep. Kristina Ortez
Sen. Cliff R. Pirtle
Rep. Andrea Romero
Sen. Benny Shendo, Jr.

Rep. Christine Chandler
Rep. Jack Chatfield
Sen. Crystal Diamond Brantley
Rep. Candy Spence Ezzell
Rep. Jenifer Jones
Sen. Linda M. Lopez
Rep. Rod Montoya
Rep. Greg Nibert
Sen. Gerald Ortiz y Pino
Rep. Cristina Parajón
Rep. William "Bill" R. Rehm
Rep. G. Andrés Romero

Rep. Patricia Roybal Caballero
Sen. Antoinette Sedillo Lopez
Sen. Mimi Stewart
Sen. Peter Wirth

Guest Legislator

Sen. William P. Soules (10/3, 10/4)

(Attendance dates are noted for members not present for the entire meeting.)

Staff

Erika Falance, Legislative Council Service (LCS)
Sheila Keleher, Researcher, LCS
Nicole Waguespack, Researcher, LCS
Sara Wiedmaier, Researcher, LCS

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Tuesday, October 3

Welcome and Introductions (9:15 a.m.)

Senator Stefanics welcomed everyone to the meeting, and committee members introduced themselves, shared their appreciation for Las Cruces and thanked NMSU for the university's hospitality.

Welcome and Updates from NMSU (9:16 a.m.)

Jay Gogue, Ph.D., president, NMSU, provided a presentation on the history and recent progress of NMSU and its programs.

Approval of Minutes (9:54 a.m.)

Upon a motion made by Senator Campos and seconded by Representative Sariñana, the committee approved the minutes of the August 7-9, 2023 meeting.

Implementing the Consent Decree for the *Texas v. New Mexico* Settlement (9:54 a.m.)

Nathaniel "Nat" Chakeres, general counsel, Office of the State Engineer; Hannah Riseley-White, director, Interstate Stream Commission; Jeff Wechsler, attorney at law,

Montgomery and Andrews Law Firm, and general counsel of record for the state of New Mexico in *Texas v. New Mexico*; and Samantha Barncastle, general counsel, Elephant Butte Irrigation District (EBID), provided a presentation on how the state can implement the consent decree per the *Texas v. New Mexico* settlement. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=2>.

Southern New Mexico Water Concerns and Efforts to Meet Rio Grande Compact Compliance (11:21 a.m.)

Mike Hamman, P.E., state engineer, Office of the State Engineer; Ms. Riseley-White; Jason Casuga, chief engineer and chief executive officer (CEO), Middle Rio Grande Conservancy District; Gary Esslinger, manager, EBID; and Jennie Bierner-Shepperd, chair, San Miguel Community Ditch, provided a presentation on how the organizations are working together to comply with the Rio Grande Compact and meet the climate challenges the state is facing. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=3>.

Water Data Act Implementation Update and Next Steps (1:12 p.m.)

Stacy Timmons, associate director, Hydrogeology, Bureau of Geology and Mineral Resources, New Mexico Institute of Mining and Technology; John Rhoderick, director, Water Protection Division, Department of Environment (NMED); Kevin Myers, senior reclamation specialist, Mining Act Reclamation Program, Energy, Minerals and Natural Resources Department (EMNRD); and Ms. Riseley-White provided an update on implementing the Water Data Act. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=4>.

Public Comment (2:06 p.m.)

A list of individuals making public comment is available in the meeting file.

White Sands Test Facility Plume Update (2:11 p.m.)

Kate Girard, executive director, Office of Natural Resources Trustee (ONRT); Rick Shean, director, Resource Protection Division, NMED; Gill Sorg, supervisor, Dona Ana Soil and Water Conservation District; and James Dyer, water resources professional III, ONRT, provided an update on the White Sands Test Facility plume and possible corrective actions to remediate the site. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=5>.

2023 Farm Bill and Updates on State and Federal Agriculture Policy (2:53 p.m.)

Jeff M. Witte, director, New Mexico Department of Agriculture; Belinda Garland, executive director, New Mexico Livestock Board; Rebecca Dow, executive assistant, New Mexico Association of Conservation Districts; Allen Malone, Ed.D., associate director, Cooperative Extension Service, NMSU; and Pam Roy, coordinator, New Mexico Food and Agriculture Policy Council, and executive director, Farm to Table, provided a presentation on the 2023 federal farm bill, soil health in New Mexico and the state's meat and poultry inspection programs. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20100323%20Item%206%202023%20Farm%20Bill%20and%20Ag.%20Policies.pdf>.

New Mexico Agriculture: Growers, Consumers and the New Mexico Food, Farm, and Hunger Initiative (4:10 p.m.)

Mr. Witte; Kendal Chavez, food and hunger advisor, Public Education Department; Lorenzo Alba, Jr., executive director, Casa de Peregrinos Food Pantry; Travis Day, executive director, New Mexico Chile Association; and Chris Goblet, executive director, New Mexico Wine, provided a presentation on New Mexico agriculture, including opportunities for investment and the food initiative framework. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20100323%20Item%207%20NM%20Agriculture%20and%20Food,%20Farm%20and%20Hunger%20Initiative.pdf>.

Recess

The meeting recessed at 4:53 p.m.

Wednesday, October 4

Reconvene

The meeting reconvened at 9:19 a.m.

Companion Animal Rescue, Population Management and Veterinary Training Opportunities (9:27 a.m.)

Jessica Johnson Shelton, chief government affairs officer, Animal Protection Voters; Ms. Garland; Samantha Uhrig, DVM, chair, Board of Veterinary Medicine; and Heather Romero, financial aid manager, Higher Education Department, provided a presentation on the current veterinarian shortage and the Western Interstate Commission on Higher Education's Loan-For-Service VetMed Program. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=8>.

Public Regulation Commission (PRC): Legislative Priorities, Budget and Staffing Update (10:38 a.m.)

Cholla Khoury, chief of staff, PRC; Pat O'Connell, commissioner and chair, PRC; and Miranda Mascareñas, chief financial officer, PRC, provided updates on the PRC's legislative priorities, budget and staffing. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20100323%20Item%209%20PRC%20Updates.pdf>.

Solar for All, Low-Income Solar Funding and the Community Solar Act (11:32 a.m.)

Rebecca "Puck" Stair, director, Energy Conservation and Management Division, EMNRD; Christopher Worley, director, Public Policy, Sunrun; Ms. Khoury; Kevin Cray, mountain west senior director, Coalition for Community Solar Access; and Christian Casillas, director, Policy Development and Research, Coalition of Sustainable Communities, provided a presentation on ways to offer more solar options to communities and progress on this initiative in New Mexico thus far. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=10>.

Innovations for Future Energy Reliability: Grid Modernization Plans, Utility-Scale Storage and Distributed Energy Resources (1:24 p.m.)

Mr. O'Connell; Jim DesJardins, executive director, Renewable Energy Industries Association of New Mexico; Seth Nelson, director, Development, GridLiance, NextEra Energy Transmission, LLC; Vince Martinez, senior government relations advisor, Tri-State Generation and Transmission Association, Inc.; and Abbas Akhil, principal, Renewable Energy Ventures, LLC, provided a presentation on grid modernization from several different organizations. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=11>.

Meeting Energy Transition Act (ETA) Standards: Renewable Energy Replacement Options and Integrated Resource Plans (2:33 p.m.)

Craig Johnson, director, Renewable Energy Office, State Land Office (SLO); Laura Sanchez, executive director, Government and Public Affairs, Public Service Company of New Mexico; Zoë Lees, regional vice president, Xcel Energy; and Alex DeGolia, director, State Legislative and Regulatory Affairs, U.S. Region, Environmental Defense Fund (EDF), provided a presentation on ETA emissions analyses and Renewable Energy Office renewables, solar leases and wind projects. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=12>.

Community Energy Efficiency Development Block Grant Program and Low-Income Utility Rates (4:26 p.m.)

Ms. Stair; Tammy Fiebelkorn, New Mexico representative, Southwest Energy Efficiency Project; Gabe Pacyniak, professor of law, University of New Mexico (UNM) School of Law, and faculty supervisor, Natural Resources and Environmental Law Clinic, UNM School of Law; and Dawn Z. Hommer, CEO, Community Action Agency of Southern New Mexico, provided a presentation on UNM energy equity and the community energy efficiency development block grant. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=13>.

Public Comment

There was no public comment.

Recess

The meeting recessed at 5:15 p.m.

Thursday, October 5

Reconvene

The meeting reconvened at 9:02 a.m.

Oil and Gas Act Enforcement: Setbacks, Orphaned Wells and Methane Rules (9:02 a.m.)

Dylan Fuge, director, Oil Conservation Division, EMNRD; Sunalei Stewart, deputy commissioner of operations, SLO; Tannis Fox, senior attorney, Western Environmental Law Center; and John Smitherman, senior advisor, New Mexico Oil and Gas Association, provided a presentation on protecting state lands, oil and gas facility setbacks and orphaned well plugging and site remediation. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=14>.

Water Augmentation Possibilities for the West (10:58 a.m.)

Mr. Rhoderick; Greg Gates, P.E., water resources practice lead, Hazen and Sawyer; Pei Xu, Ph.D., Department of Civil Engineering, NMSU; Zacariah Hildenbrand, Ph.D., chief scientific officer, Infinity Water Solutions; Bruce Thomson, Ph.D., professor emeritus, Department of Civil, Construction and Environmental Engineering, UNM; and Sam Fernald, Ph.D., professor, Watershed Management, Department of Animal and Range Sciences, and director, New Mexico Water Resources Research Institute, NMSU, provided a presentation on

closed-loop water recycling, the challenges of developing deep, brackish water as a source of supply and a water reuse and augmentation regulatory path. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/3/2023&ItemNumber=15>.

Statewide Soil Health and Carbon Management Strategies (12:26 p.m.)

Leslie Edgar, Ph.D., associate dean and director, Agricultural Experiment Station, NMSU; Rajan Ghimire, Ph.D., associate professor, Plant and Environmental Sciences Department; faculty, Clovis Agricultural Science Center, NMSU; and John Idowu, Ph.D., professor, Extension Plant Sciences Department; research director, Leyendecker Plant Science Research Center, NMSU, provided a presentation on carbon sequestration and the use of biochar to improve soil health. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20100323%20Item%2016%20NMSU%20Soil%20Health%20and%20Carbon%20Mgmt.pdf>.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 1:06 p.m.

Revised: November 7, 2023

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE**

**November 6-8, 2023
State Capitol, Room 307
Santa Fe**

Monday, November 6

- 10:00 a.m. **Call to Order and Introductions**
—Senator Elizabeth "Liz" Stefanics, Chair, Water and Natural Resources
Committee (WNRC)
—Representative Matthew McQueen, Vice Chair, WNRC
- 10:15 a.m. (1) **Department of Environment (NMED): Legislative Priorities, Budget
and Staffing Update**
—James Kenney, Secretary, NMED
—Danielle Gilliam, Deputy Secretary, Operations, NMED
- 11:15 a.m. (2) **Advanced Clean Cars and Trucks Rule and Electric Vehicle Tax
Credits**
—Michelle Miano, Director, Environmental Protection Division, NMED
—Carlos Garcia, Member, New Mexico Auto Dealers Association
—Stephanie Schardin Clarke, Secretary, Taxation and Revenue Department
—Camilla Feibelman, Director, Rio Grande Chapter, Sierra Club
- 12:15 p.m. **Lunch**
- 1:15 p.m. **Public Comment***
- 1:30 p.m. (3) **Energy, Minerals and Natural Resources Department (EMNRD):
Legislative Priorities, Budget and Staffing Update**
—Sarah Cottrell Propst, Secretary, EMNRD
- 2:30 p.m. (4) **Update on Land and Water Conservation Fund Stateside Program**
—Robert Stokes, Ph.D., Chief, Program Support Bureau, State Parks
Division, EMNRD
—Colleen Baker, Chief, Design and Development Bureau, State Parks
Division, EMNRD
—Jonathan Hayden, Senior Policy Analyst, Western Lands, Western
Resources Advocates
—Keegan King, Founder and Chief Executive Officer (CEO), Native Land
Institute

3:45 p.m. (5) **Department of Game and Fish Reform**
—Michael Sloane, Director, Department of Game and Fish
—Judy Calman, New Mexico Policy Director, Audubon Society
—Jesse Deubel, Executive Director, New Mexico Wildlife Federation
—Max Trujillo, Commissioner, District 3, San Miguel County Board of
County Commissioners

5:00 p.m. **Recess**

Tuesday, November 7

9:00 a.m. (6) **Office of the State Engineer (OSE) and the Interstate Stream
Commission (ISC): Legislative Priorities, Budget and Staffing Update**
—Mike Hamman, P.E., State Engineer, OSE
—Hannah Riseley-White, Director, ISC

10:00 a.m. (7) **Executive Session: *Atencio, et al. v. State of New Mexico***
—Thomas M. Hnasko, Outside Counsel, New Mexico Legislature

11:00 a.m. (8) **Indian Water Rights Settlements**
—Dominic Gachupin, Governor, Pueblo of Jemez
—Wilfred Herrera, Governor, Pueblo of Laguna
—Arden Kucate, Governor, Pueblo of Zuni
—Larry Phillips, Governor, Ohkay Owingeh
—Valentino Pino, Governor, Pueblo of Zia
—Wendell Chino, First Lieutenant Governor, Pueblo of Acoma
—Mike Hamman, P.E., State Engineer, OSE
—Nathaniel "Nat" Chakeres, General Counsel, OSE

12:30 p.m. **Working Lunch**
(9) **New Mexico Unit Fund Update**
—Hannah Riseley-White, Director, ISC
—Marquita Russel, CEO, New Mexico Finance Authority
—Priscilla Lucero, Executive Director, Southwest New Mexico Council of
Governments Council of Governments

1:30 p.m. (10) **Water Security Planning Act, Regional Water Planning and 2023 State
Water Plan Review**
—Hannah Riseley-White, Director, ISC
—Andrew Erdmann, Manager, Water Planning Program, ISC
—Norm Gaume, President, Middle Rio Grande Water Advocates
—Ladona Clayton, Ph.D., Executive Director, Ogallala Land and Water
Conservancy

2:45 p.m. (11) **Climate Investment Center**
—Beth Beloff, Executive Director, Coalition of Sustainable Communities
—Christian Casillas, Director, Policy Development and Research, Coalition
of Sustainable Communities

3:30 p.m. (12) **Geothermal Energy**
—Senator Gerald Ortiz y Pino
—Tom Soloman, Co-Coordinator, 350 New Mexico
—Shari Kelley, Ph.D., Senior Geophysicist and Field Geologist, Bureau of
Geology and Mineral Resources, New Mexico Institute of Mining and
Technology

4:30 p.m. **Public Comment***

4:45 p.m. **Recess**

Wednesday, November 8

9:00 a.m. (13) **Committee Discussion of Bills: Proposed Green Amendment, Water
Permitting and Violations, Per- and Polyfluoroalkyl Substances
Product Restrictions and Others**

12:00 noon **Public Comment***

12:15 p.m. **Adjourn**

*For those wishing to make public comments virtually, please email comments to:
WNRC.comment@nmlegis.gov.

MINUTES
of the
FIFTH MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE

November 6-8, 2023
State Capitol, Room 307
Santa Fe

The fifth meeting of the Water and Natural Resources Committee was called to order by Senator Elizabeth "Liz" Stefanics, chair, on Monday, November 6, 2023, at 10:02 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Sen. Elizabeth "Liz" Stefanics, Chair
Rep. Matthew McQueen, Vice Chair
Sen. Pete Campos
Rep. Kathleen Cates
Sen. Joseph Cervantes
Rep. Joanne J. Ferrary
Rep. Miguel P. García (11/6, 11/7)
Rep. T. Ryan Lane (11/6, 11/7)
Rep. Tara L. Lujan
Rep. Marian Matthews (11/6)
Rep. Kristina Ortez (11/6, 11/7)
Sen. Shannon D. Pinto (11/7, 11/8)*
Rep. Debra M. Sariñana
Rep. Larry R. Scott
Sen. Antoinette Sedillo Lopez*
Sen. Peter Wirth*
Sen. Pat Woods
Rep. Martin R. Zamora (11/6, 11/7)

Advisory Members

Rep. Christine Chandler (11/6,11/7)
Rep. Jack Chatfield
Sen. Linda M. López (11/7)
Rep. Rod Montoya
Sen. Gerald Ortiz y Pino (11/7)
Rep. Cristina Parajón (11/6, 11/7)
Rep. William "Bill" R. Rehm (11/7, 11/8)
Rep. Patricia Roybal Caballero
Sen. Mimi Stewart (11/6, 11/7)

Absent

Rep. Gail Armstrong
Rep. Susan K. Herrera
Sen. Cliff R. Pirtle
Rep. Andrea Romero
Sen. Benny Shendo, Jr.
Sen. Jeff Steinborn

Sen. Crystal Diamond Brantley
Rep. Candy Spence Ezzell
Rep. Jenifer Jones
Rep. Greg Nibert
Rep. G. Andrés Romero
Rep. Nathan P. Small

(Attendance dates are noted for members not present for the entire meeting.)

*Appointed by the president pro tempore of the senate as a voting member for this meeting only.

Staff

Sara Wiedmaier, Researcher, Legislative Council Service (LCS)

Tom Kricka, Staff Attorney, LCS

Sheila Keleher, Researcher, LCS

Erika Falance, Committee Coordinator, LCS

Minutes Approval

Because the committee will not meet again this year, the minutes for this meeting have not been officially approved by the committee.

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the recorded webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, November 6

Welcome and Introductions (10:02 a.m.)

Senator Stefanics and committee members introduced themselves and welcomed the public and presenters to the meeting.

Department of Environment (NMED): Legislative Priorities, Budget and Staffing Update (10:09 a.m.)

James Kenney, secretary, NMED, and Danielle Gilliam, deputy secretary, Operations, NMED, provided a presentation on the current state of the NMED and the department's requests for the 2024 legislative session. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20110623%20Item%201%20NMED%20Updates.pdf>.

Approval of Minutes (11:30 a.m.)

On a motion made and seconded, and without objection, the committee approved the minutes of the October 3-5, 2023 meeting.

Advanced Clean Cars and Trucks Rule and Electric Vehicle Tax Credits (11:30 a.m)

Michelle Miano, director, Environmental Protection Division, NMED; Carlos Garcia, member, New Mexico Auto Dealers Association; Stephanie Schardin Clarke, secretary, Taxation and Revenue Department; and Camilla Feibelman, director, Rio Grande Chapter, Sierra Club, provided a presentation on the current state of electric vehicle sales and charging capacity, as well as how the Clean Cars and Clean Trucks rule adopted by the Environmental Improvement Board in November 2023 will affect sales of new vehicles in the state. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=11/6/2023&ItemNumber=2>.

Public Comment (1:36 p.m.)

A list of individuals making public comment is available in the meeting file.

Energy, Minerals and Natural Resources Department (EMNRD): Legislative Priorities, Budget and Staffing Update (2:11 p.m.)

Sarah Cottrell Propst, secretary, EMNRD, provided updates on the following divisions of the EMNRD: Forestry Division; State Parks Division; Oil Conservation Division; Energy Conservation and Management Division; and Mining and Minerals Division. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20110623%20Item%203%20EMNRD%20Updates.pdf>.

Update on Land and Water Conservation Fund Stateside Program (2:56 p.m.)

Robert Stokes, Ph.D., chief, Program Support Bureau, State Parks Division, EMNRD; Colleen Baker, chief, Design and Development Bureau, State Parks Division, EMNRD; Jonathan Hayden, senior policy analyst, Western Lands, Western Resources Advocates; and Keegan King, founder and chief executive officer (CEO), Native Land Institute, provided an update on projects funded by the federal Land and Water Conservation Fund Stateside Program and funding opportunities for upcoming projects, as well as challenges tribal communities face when trying to get funding. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=11/6/2023&ItemNumber=4>.

Department of Game and Fish (DGF) Reform (4:11 p.m.)

Judy Calman, New Mexico policy director, Audubon Society; Jesse Deubel, executive director, New Mexico Wildlife Federation; Max Trujillo, commissioner, District 3, San Miguel County Board of County Commissioners; and Michael Sloane, director, DGF, provided a presentation on the challenges facing the DGF and the commission.

Recess

The meeting recessed at 4:46 p.m.

Tuesday, November 7

Reconvene

The meeting reconvened at 9:09 a.m.

**Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC):
Legislative Priorities, Budget and Staffing Update (9:09 a.m.)**

Mike Hamman, P.E., state engineer, OSE, and Hannah Riseley-White, director, ISC, provided a presentation on the current operations of the OSE and the ISC, as well as opportunities for the future and legislative involvement. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20110623%20Item%206%20OSE%20ISC%20Updates.pdf>.

EXECUTIVE SESSION: *Atencio, et al. v. State of New Mexico* (10:15 a.m.)

On a motion made, seconded, and without objection, the committee entered a closed executive session to discuss ongoing litigation. On a motion made, seconded, and without objection, the committee ended the executive session and the regular meeting resumed.

Indian Water Rights Settlements (11:31 a.m.)

Dominic Gachupin, governor, Pueblo of Jemez; Wilfrid Herrera, governor, Pueblo of Laguna; Arden Kucate, governor, Pueblo of Zuni; Larry Phillips, governor, Ohkay Owingeh; Benjamin Salas, lieutenant governor, Pueblo of Zia; Wendell Chino, first lieutenant governor, Pueblo of Acoma; Mr. Hamman; and Nathaniel "Nat" Chakeres, general counsel, OSE, provided a presentation on the progress and status of Indian water rights settlements, including statements of support from the representatives of each pueblo. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=11/6/2023&ItemNumber=8>.

Working Lunch: New Mexico Unit Fund Update (1:14 p.m.)

Ms. Riseley-White; Marquita Russel, CEO, New Mexico Finance Authority; and Priscilla Lucero, executive director, Southwest New Mexico Council of Governments, provided a presentation on the current status of the New Mexico Unit Fund and the Water Trust Board's goals for fiscal years 2024 and 2025. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20110623%20Item%207%20ISC%20NMFA%20Unit%20Fund%20Update.pdf>.

Water Security Planning Act, Regional Water Planning and 2023 State Water Plan Review (2:08 p.m.)

Ms. Riseley-White; Andrew Erdmann, manager, Water Planning Program, ISC; Norm Gaume, president, Middle Rio Grande Water Advocates; and Ladona Clayton, Ph.D., executive director, Ogallala Land and Water Conservancy, provided a presentation on the next steps for the Water Security Planning Act and the 2023 update to the state water plan and discussed the importance of water governance. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=11/6/2023&ItemNumber=10>.

Climate Investment Center (3:26 p.m.)

Beth Beloff, executive director, Coalition of Sustainable Communities, and Christian Casillas, director, Policy Development and Research, Coalition of Sustainable Communities, provided a presentation on the New Mexico Climate Investment Center that their organization created as a nonprofit in collaboration with the state. The center's goals include prioritizing underserved and vulnerable communities and increasing climate resiliency. They discussed the partnerships, business model and time line the center will use to meet these goals. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=11/6/2023&ItemNumber=11>.

Geothermal Energy (4:26 p.m.)

Senator Ortiz y Pino; Tom Soloman, co-coordinator, 350 New Mexico; and Shari Kelley, Ph.D., senior geophysicist and field geologist, Bureau of Geology and Mineral Resources, New Mexico Institute of Mining and Technology, provided a presentation on geothermal energy development opportunities and hurdles in New Mexico. The presentation can be found here:

<https://www.nmlegis.gov/handouts/WNR%20110623%20Item%2011%20Geothermal%20Energy.pdf>.

Public Comment (5:04 p.m.)

A list of individuals making public comment is available in the meeting file.

Recess

The meeting recessed at 5:06 p.m.

Wednesday, November 8

Reconvene

The meeting reconvened at 9:10 a.m.

Committee Discussion of Bills (9:10 a.m.)

Committee members discussed legislation for endorsement. The legislation proposed for endorsement can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=11/6/2023&ItemNumber=13>.

The committee voted to endorse the following legislation:

- [.226849.1](#), that would provide for a transfer to the Water Trust Fund;
- [.226730.1](#), that would create a center of excellence for geothermal resources; and
- [.226779.1](#), relating to geothermal tax credits.

Letter to the Legislative Finance Committee (LFC) (11:29 a.m.)

On a motion made by Senator Wirth, seconded by Senator Pinto, and without objection, the committee voted to send a letter to the LFC in support of an appropriation to the Indian Water Rights Settlement Fund.

Letter to the New Mexico Congressional Delegation (11:31 a.m.)

On a motion made by Senator Pinto, seconded by Senator Sedillo Lopez and by a vote of nine in the affirmative with Representative Scott and Senator Woods voting in the negative, the committee voted to send a letter to the New Mexico congressional delegation in support of federal funding for Indian water rights settlement payments.

Public Comment (11:36 a.m.)

A list of individuals making public comment is available in the meeting file.

Adjournment

There being no further business before the committee, the meeting adjourned at 11:36 a.m.

ENDORSED LEGISLATION

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SENATE BILL

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

DISCUSSION DRAFT

FOR THE WATER AND NATURAL RESOURCES COMMITTEE

AN ACT

RELATING TO GEOTHERMAL RESOURCES; ADDING A CENTER OF EXCELLENCE FOR GEOTHERMAL RESOURCES AT THE NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY; AMENDING THE DUTIES OF THE ENERGY CONSERVATION AND MANAGEMENT DIVISION OF THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT; CREATING THE GEOTHERMAL PROJECTS DEVELOPMENT FUND; AUTHORIZING GRANTS; CREATING THE GEOTHERMAL PROJECTS REVOLVING LOAN FUND; AUTHORIZING LOANS; MAKING APPROPRIATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 21-1-27.11 NMSA 1978 (being Laws 2019, Chapter 60, Section 1) is amended to read:

"21-1-27.11. CENTERS OF EXCELLENCE.--

A. A "center of excellence" is established at the following higher education institutions:

.226730.1

underscoring material = new
~~[bracketed material] = delete~~

underscored material = new
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1 (1) the New Mexico institute of mining and
2 technology to work toward developing and promoting innovation
3 in and expanding cybersecurity industries;

4 (2) the New Mexico institute of mining and
5 technology to work toward developing and promoting innovation
6 in and expanding geothermal resources;

7 [~~(2)~~] (3) New Mexico state university to work
8 toward developing and promoting innovation in and expanding
9 sustainable agricultural industries;

10 [~~(3)~~] (4) San Juan college to work toward
11 developing and promoting innovation in and expanding
12 sustainable and renewable energy industries; and

13 [~~(4)~~] (5) the university of New Mexico health
14 sciences center-affiliated entity, the New Mexico bioscience
15 authority, to continue its work toward developing, promoting
16 innovation in and expanding the bioscience industry in New
17 Mexico.

18 B. Each center of excellence provided for in
19 Subsection A of this section shall foster excellence in the
20 noted [~~field~~] fields through:

21 (1) collaboration among leaders of the state's
22 agencies, higher education institutions, business sector,
23 national laboratories and community organizations;

24 (2) the development by those leaders of
25 strategies to accomplish that aim; and

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1 (3) the execution of those strategies.

2 C. Each center of excellence provided for in
3 Subsection A of this section shall:

4 (1) actively seek, and may accept, public and
5 private funding for its work;

6 (2) establish short- and long-term goals for
7 job creation, business creation and private equity investment
8 outcomes of its work; and

9 (3) beginning in 2020, report annually to the
10 higher education department and the legislative finance
11 committee on its goals and achievements."

12 SECTION 2. Section 71-9-1 NMSA 1978 (being Laws 2016,
13 Chapter 71, Section 1 and Laws 2016, Chapter 78, Section 1) is
14 amended to read:

15 "71-9-1. SHORT TITLE.--~~[Sections 1 through 11 of this~~
16 ~~act]~~ Chapter 71, Article 9 NMSA 1978 may be cited as the
17 "Geothermal Resources Development Act"."

18 SECTION 3. Section 71-9-3 NMSA 1978 (being Laws 2016,
19 Chapter 71, Section 3 and Laws 2016, Chapter 78, Section 3) is
20 amended to read:

21 "71-9-3. DEFINITIONS.--As used in the Geothermal
22 Resources Development Act:

23 A. "correlative rights" means the opportunity
24 afforded, insofar as is practicable, to each owner or
25 leaseholder in a geothermal reservoir to produce the owner's or

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1 leaseholder's just and equitable share of the geothermal
2 resources within such reservoir, being an amount, so far as can
3 be practicably determined and so far as can be practicably
4 obtained without waste, substantially in the proportion that
5 the recoverable geothermal resources of such ownership or lease
6 interest bear to the total recoverable geothermal resources in
7 the reservoir and, for such purpose, to use the owner's or
8 leaseholder's just and equitable share of the natural heat or
9 energy in the reservoir;

10 B. "division" means the energy conservation and
11 management division of the energy, minerals and natural
12 resources department;

13 C. "geothermal development project" means a project
14 using the heat of the earth above one hundred degrees
15 Fahrenheit to generate electricity or otherwise support
16 industrial, commercial or residential uses;

17 [~~G-~~] D. "geothermal reservoir" means an underground
18 reservoir containing geothermal resources, whether the fluids
19 in the reservoir are native to the reservoir or flow into or
20 are injected into the reservoir;

21 [~~D-~~] E. "geothermal resources" means the natural
22 heat of the earth in excess of two hundred fifty degrees
23 Fahrenheit, or the energy, in whatever form, below the surface
24 of the earth present in, resulting from, created by or that may
25 be extracted from this natural heat in excess of two hundred

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1 fifty degrees Fahrenheit, and all minerals in solution or other
2 products obtained from naturally heated fluids, brines,
3 associated gases and steam, in whatever form, found below the
4 surface of the earth, but excluding oil, hydrocarbon gas and
5 other hydrocarbon substances and excluding the heating and
6 cooling capacity of the earth not resulting from the natural
7 heat of the earth in excess of two hundred fifty degrees
8 Fahrenheit, as may be used for the heating and cooling of
9 buildings through an on-site geo-exchange heat pump or similar
10 on-site system; and

11 ~~[E-]~~ F. "person" means an individual or other legal
12 entity, including federal, state or local governments or their
13 agents or instrumentalities."

14 **SECTION 4.** Section 71-9-5 NMSA 1978 (being Laws 2016,
15 Chapter 71, Section 5 and Laws 2016, Chapter 78, Section 5) is
16 amended to read:

17 "71-9-5. GENERAL DUTIES, JURISDICTION AND AUTHORITY OF
18 THE DIVISION.--

19 A. The division shall regulate the exploration,
20 development and production of geothermal resources on public
21 and private land for the purposes of conservation; protection
22 of correlative rights; protection of life, health, property,
23 natural resources, the environment and the public welfare; and
24 encouraging maximum economic recovery of the geothermal
25 resources. The division may require persons seeking to

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1 explore, develop or produce geothermal resources to obtain
2 permits from the division.

3 B. The division has jurisdiction over all matters
4 relating to the exploration, development and production of
5 geothermal resources. It has jurisdiction, authority and
6 control of all persons, matters and things necessary or proper
7 to enforce effectively the provisions of the Geothermal
8 Resources Development Act, including making investigations and
9 inspections of geothermal projects, facilities and wells.

10 C. The division may limit and allocate production
11 of geothermal resources as needed to prevent waste whenever the
12 total amount of geothermal resources that may be produced from
13 a geothermal reservoir is limited. The division shall allocate
14 and distribute the allowable production, insofar as is
15 practicable, to afford each ownership or lease interest in a
16 geothermal reservoir the opportunity to produce its just and
17 equitable share of the geothermal resources in the reservoir.

18 D. The division shall have exclusive authority to
19 regulate injection into geothermal wells pursuant to the
20 Geothermal Resources Development Act and shall have exclusive
21 authority over matters related to the protection of natural
22 resources, property, health and public welfare as they relate
23 to geothermal injection wells.

24 E. The division shall:

25 (1) administer laws and rules relating

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1 to geothermal resources, except those laws specifically
2 administered by another authority;

3 (2) administer the geothermal projects
4 development fund and geothermal projects revolving loan fund
5 and ensure that all applicable state economic development
6 incentive programs are used for grants and loans from those
7 funds;

8 (3) apply for federal grants related to
9 geothermal resources development; and

10 (4) foster the growth of geothermal
11 resources in New Mexico."

12 SECTION 5. A new section of the Geothermal Resources
13 Development Act is enacted to read:

14 "[NEW MATERIAL] GEOTHERMAL PROJECTS DEVELOPMENT FUND
15 CREATED--STUDY GRANTS--PROJECT GRANTS--ANNUAL REPORT.--

16 A. The "geothermal projects development fund" is
17 created in the state treasury. The fund consists of
18 appropriations, income from investment of the fund and any
19 other money distributed or otherwise allocated to the fund.
20 Balances in the fund at the end of any fiscal year shall not
21 revert to the general fund. The division shall administer the
22 fund. Money in the fund is subject to appropriation by the
23 legislature.

24 B. Money in the geothermal projects development
25 fund may be used to make grants of up to two hundred fifty

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1 thousand dollars (\$250,000) for the purposes of studying the
2 costs and benefits of a proposed geothermal development project
3 as approved by the secretary of energy, minerals and natural
4 resources.

5 C. Money in the geothermal projects development
6 fund may be used to provide grants for financing a geothermal
7 development project approved by the secretary of energy,
8 minerals and natural resources.

9 D. Except as provided in Subsection E of this
10 section, money in the geothermal projects development fund may
11 be used pursuant to Subsections B and C of this section only
12 for grants to a political subdivision of the state or to a
13 state university for a geothermal development project.

14 E. Money in the geothermal projects development
15 fund may be used for grants to an Indian nation, tribe or
16 pueblo for the development of a geothermal development project
17 only if the grant application is approved by the secretary of
18 energy, minerals and natural resources.

19 F. Geothermal development projects approved by the
20 secretary of energy, minerals and natural resources under this
21 section shall not be exempt from any required permits or
22 permissions under New Mexico or United States law.

23 G. Money in the geothermal projects development
24 fund may be used for administrative and reimbursable costs
25 incurred by the energy, minerals and natural resources

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1 department subject to the legislative appropriation process.

2 H. Disbursements from the geothermal projects
3 development fund shall be made by warrant of the secretary of
4 finance and administration pursuant to vouchers signed by the
5 secretary of energy, minerals and natural resources or the
6 secretary's authorized representative.

7 I. By December 1, 2024, and by December 1 of each
8 year thereafter, the secretary of energy, minerals and natural
9 resources shall provide a report to the governor, the
10 legislative finance committee and the library of the
11 legislative council service regarding:

12 (1) grants approved by the secretary pursuant
13 to Subsections B and C of this section;

14 (2) the status of studies funded in part by
15 grants made pursuant to Subsection B of this section;

16 (3) the status of projects funded in part by
17 grants made pursuant to Subsection C of this section;

18 (4) money used for administrative and
19 reimbursable costs pursuant to Subsection G of this section;
20 and

21 (5) the status of the geothermal projects
22 development fund."

23 SECTION 6. A new section of the Geothermal Resources
24 Development Act is enacted to read:

25 "[NEW MATERIAL] GEOTHERMAL PROJECTS REVOLVING LOAN FUND

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1 CREATED--PROJECT LOANS--ANNUAL REPORT.--

2 A. The "geothermal projects revolving loan fund" is
3 created in the state treasury. The fund shall consist of
4 appropriations, federal funds received for the purpose of
5 making loans, repayment of loans and interest, gifts, grants
6 and donations made to the fund. Income from the fund shall be
7 credited to the fund, and money in the fund shall not revert or
8 be transferred to any other fund at the end of a fiscal year.
9 The division shall administer the fund. Money in the fund is
10 subject to appropriation by the legislature.

11 B. Money in the geothermal projects revolving loan
12 fund may be used to provide revolving loans to political
13 subdivisions of the state, state universities, Indian nations,
14 tribes or pueblos, nonprofit organizations and private entities
15 for financing a geothermal development project approved by the
16 secretary of energy, minerals and natural resources. Loans
17 from the fund are to be made at the lowest legally permissible
18 interest rates.

19 C. Geothermal development projects approved by the
20 secretary of energy, minerals and natural resources under this
21 section shall not be exempt from any required permits or
22 permissions under New Mexico or United States law.

23 D. Money in the geothermal projects revolving loan
24 fund may be used for administrative and reimbursable costs
25 incurred by the energy, minerals and natural resources

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1 department subject to the legislative appropriation process.

2 E. Disbursements from the geothermal projects
3 revolving loan fund shall be made by warrant of the secretary
4 of finance and administration pursuant to vouchers signed by
5 the secretary of energy, minerals and natural resources or the
6 secretary's authorized representative.

7 F. By December 1, 2024, and by December 1 of each
8 year thereafter, the secretary of energy, minerals and natural
9 resources shall provide a report to the governor, the
10 legislative finance committee and the library of the
11 legislative council service regarding:

12 (1) loans approved by the secretary pursuant
13 to Subsection B of this section;

14 (2) the status of repayment obligations for
15 revolving loans made pursuant to Subsection B of this section;

16 (3) money used for administrative and
17 reimbursable costs pursuant to Subsection D of this section;
18 and

19 (4) the status of the geothermal projects
20 revolving loan fund."

21 SECTION 7. APPROPRIATIONS.--

22 A. Six hundred thousand dollars (\$600,000) is
23 appropriated from the general fund to the energy, minerals and
24 natural resources department for expenditure in fiscal year
25 2025 for staffing and other operational expenses to carry out

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1 the duties of the Geothermal Resources Development Act and to
2 administer the geothermal projects development fund and the
3 geothermal projects revolving loan fund. Any unexpended or
4 unencumbered balance remaining at the end of fiscal year 2025
5 shall revert to the general fund.

6 B. Five hundred thousand dollars (\$500,000) is
7 appropriated from the general fund to the board of regents of
8 the New Mexico institute of mining and technology for
9 expenditure in fiscal year 2025 for geothermal energy research
10 and development. Any unexpended or unencumbered balance
11 remaining at the end of fiscal year 2025 shall revert to the
12 general fund.

13 C. Ten million dollars (\$10,000,000) is
14 appropriated from the general fund to the geothermal projects
15 development fund for expenditure in fiscal year 2025 and
16 subsequent fiscal years to fund geothermal development
17 projects. Any unexpended or unencumbered balance remaining at
18 the end of a fiscal year shall not revert to the general fund.

19 D. Fifteen million dollars (\$15,000,000) is
20 appropriated from the general fund to the geothermal projects
21 revolving loan fund for expenditure in fiscal year 2025 and
22 subsequent fiscal years to fund geothermal development
23 projects. Any unexpended or unencumbered balance remaining at
24 the end of a fiscal year shall not revert to the general fund.

25 SECTION 8. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2024.

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SENATE BILL

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

DISCUSSION DRAFT

FOR THE WATER AND NATURAL RESOURCES COMMITTEE

AN ACT

RELATING TO TAXATION; CREATING THE GEOTHERMAL ELECTRICITY
GENERATION INCOME TAX CREDIT, THE GEOTHERMAL ELECTRICITY
GENERATION CORPORATE INCOME TAX CREDIT AND GROSS RECEIPTS TAX
AND COMPENSATING TAX DEDUCTIONS FOR GEOTHERMAL ELECTRICITY
GENERATION FACILITY CONSTRUCTION COSTS; DISTRIBUTING THE LOSS
OF LOCAL OPTION GROSS RECEIPTS TAX REVENUE ATTRIBUTABLE TO THE
DEDUCTIONS TO LOCAL GOVERNMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Tax Administration Act is
enacted to read:

"[NEW MATERIAL] DISTRIBUTION--OFFSET FOR GEOTHERMAL
ELECTRICITY GENERATION-RELATED SALES AND USE DEDUCTIONS.--

A. A distribution pursuant to Section 7-1-6.1 NMSA
1978 shall be made to a municipality in an amount, subject to

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1 any increase or decrease made pursuant to Section 7-1-6.15 NMSA
2 1978, equal to the sum of the deductions claimed pursuant to
3 Section 4 of this 2024 act for the month by taxpayers from
4 business locations attributable to the municipality multiplied
5 by the sum of the combined rate of all municipal local option
6 gross receipts taxes in effect in the municipality on January
7 1, 2024 plus one and two hundred twenty-five thousandths
8 percent.

9 B. A distribution pursuant to Section 7-1-6.1 NMSA
10 1978 shall be made to a county in an amount, subject to any
11 increase or decrease made pursuant to Section 7-1-6.15 NMSA
12 1978, equal to the sum of the total deductions claimed pursuant
13 to Section 4 of this 2024 act for the month by taxpayers from
14 business locations:

15 (1) within a municipality in the county
16 multiplied by the combined rate of all county local option
17 gross receipts taxes in effect on January 1, 2024 that are
18 imposed in the county; and

19 (2) in the county but not within a
20 municipality multiplied by the combined rate of all county
21 local option gross receipts taxes in effect on January 1, 2024
22 that are imposed in the county area not within a municipality.

23 C. A distribution pursuant to this section may be
24 adjusted for a distribution made to a tax increment development
25 district with respect to a portion of a gross receipts tax

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1 increment dedicated by a municipality pursuant to the Tax
2 Increment for Development Act.

3 D. For the purposes of this section, "business
4 locations attributable to the municipality" means business
5 locations:

6 (1) within the municipality;

7 (2) on land owned by the state, commonly known
8 as the "state fairgrounds", within the exterior boundaries of
9 the municipality;

10 (3) outside the boundaries of the municipality
11 on land owned by the municipality; and

12 (4) on an Indian reservation or pueblo grant
13 in an area that is contiguous to the municipality and in which
14 the municipality performs services pursuant to a contract
15 between the municipality and the Indian tribe or Indian pueblo
16 if:

17 (a) the contract describes an area in
18 which the municipality is required to perform services and
19 requires the municipality to perform services that are
20 substantially the same as the services the municipality
21 performs for itself; and

22 (b) the governing body of the
23 municipality has submitted a copy of the contract to the
24 secretary."

25 SECTION 2. A new section of the Income Tax Act is enacted

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1 to read:

2 "[NEW MATERIAL] GEOTHERMAL ELECTRICITY GENERATION INCOME
3 TAX CREDIT.--

4 A. For taxable years prior to January 1, 2032, a
5 taxpayer who is not a dependent of another individual and who
6 holds an interest in a geothermal electricity generation
7 facility may apply for, and the department may allow, a credit
8 against the taxpayer's tax liability imposed pursuant to the
9 Income Tax Act. The tax credit provided by this section may be
10 referred to as the "geothermal electricity generation income
11 tax credit".

12 B. The amount of a tax credit allowed pursuant to
13 this section shall be an amount equal to one and one-half cents
14 (\$0.015) per kilowatt-hour of electricity generated in New
15 Mexico in a taxable year by the geothermal electricity
16 generation facility for which the taxpayer holds an interest.

17 C. A taxpayer shall apply for certification of
18 eligibility for the credit provided by this section from the
19 energy, minerals and natural resources department on forms and
20 in the manner prescribed by that department. The aggregate
21 amount of credits that may be certified pursuant to this
22 section and Section 3 of this 2024 act in any calendar year is
23 five million dollars (\$5,000,000). Completed applications
24 shall be considered in the order received. Applications for
25 certification received after this limitation has been met in a

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1 calendar year shall not be approved. For taxpayers eligible to
2 receive the credit, the energy, minerals and natural resources
3 department shall issue a certificate of eligibility stating the
4 amount of credit to which the taxpayer is entitled for the
5 taxable year. The certificate of eligibility shall be numbered
6 for identification and declare the date of issuance and the
7 amount of the tax credit allowed.

8 D. To receive the credit provided by this section,
9 a taxpayer shall apply to the department on forms and in the
10 manner prescribed by the department. The application shall
11 include a certification made pursuant to Subsection C of this
12 section.

13 E. That portion of a credit that exceeds a
14 taxpayer's tax liability in the taxable year in which the
15 credit is claimed may be carried forward for up to seven
16 consecutive years; provided the total credits claimed pursuant
17 to this section shall not exceed the annual aggregate amount
18 pursuant to Subsection C of this section.

19 F. Married individuals filing separate returns for
20 a taxable year for which they could have filed a joint return
21 may each claim only one-half of the credit that would have been
22 claimed on a joint return.

23 G. A taxpayer may be allocated the right to claim a
24 credit provided by this section in proportion to the taxpayer's
25 ownership interest if the taxpayer owns an interest in a

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1 business entity that is taxed for federal income tax purposes
2 as a partnership or limited liability company and that business
3 entity has met all of the requirements to be eligible for the
4 credit. The total credit claimed by all members of the
5 partnership or limited liability company shall not exceed the
6 maximum amount of the credit allowed pursuant to this section.

7 H. A taxpayer allowed a tax credit pursuant to this
8 section shall report the amount of the credit to the department
9 in a manner required by the department.

10 I. The department shall compile an annual report on
11 the credit provided by this section that shall include the
12 number of taxpayers approved by the department to receive the
13 credit, the aggregate amount of credits approved and any other
14 information necessary to evaluate the credit. The department
15 shall present the report to the revenue stabilization and tax
16 policy committee and the legislative finance committee with an
17 analysis of the cost of the tax credit.

18 J. As used in this section:

19 (1) "geothermal electricity generation
20 facility" means a facility located in New Mexico that generates
21 electricity from geothermal resources and:

22 (a) for new facilities, begins
23 construction on or after July 1, 2024; or

24 (b) for existing facilities, on or after
25 July 1, 2024, increases the amount of electricity generated

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1 from geothermal resources the facility generated prior to that
2 date by at least one hundred percent;

3 (2) "geothermal resources" means the natural
4 heat of the earth in excess of two hundred fifty degrees
5 Fahrenheit or the energy, in whatever form, below the surface
6 of the earth present in, resulting from, created by or that may
7 be extracted from this natural heat in excess of two hundred
8 fifty degrees Fahrenheit and all minerals in solution or other
9 products obtained from naturally heated fluids, brines,
10 associated gases and steam, in whatever form, found below the
11 surface of the earth, but excluding oil, hydrocarbon gas and
12 other hydrocarbon substances and excluding the heating and
13 cooling capacity of the earth not resulting from the natural
14 heat of the earth in excess of two hundred fifty degrees
15 Fahrenheit as may be used for the heating and cooling of
16 buildings through an on-site geexchange heat pump or similar
17 on-site system; and

18 (3) "interest in a geothermal electricity
19 generation facility" means title to a geothermal electricity
20 generation facility; a leasehold interest in such facility; an
21 ownership interest in a business or entity that is taxed for
22 federal income tax purposes as a partnership that holds title
23 to or a leasehold interest in such facility; or an ownership
24 interest, through one or more intermediate entities that are
25 each taxed for federal income tax purposes as a partnership, in

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1 a business that holds title to or a leasehold interest in such
2 facility."

3 SECTION 3. A new section of the Corporate Income and
4 Franchise Tax Act is enacted to read:

5 "[NEW MATERIAL] GEOTHERMAL ELECTRICITY GENERATION
6 CORPORATE INCOME TAX CREDIT.--

7 A. For taxable years prior to January 1, 2032, a
8 taxpayer that holds an interest in a geothermal electricity
9 generation facility may apply for, and the department may
10 allow, a credit against the taxpayer's tax liability imposed
11 pursuant to the Corporate Income and Franchise Tax Act. The
12 tax credit provided by this section may be referred to as the
13 "geothermal electricity generation corporate income tax
14 credit".

15 B. The amount of a tax credit allowed pursuant to
16 this section shall be an amount equal to one and one-half cents
17 (\$.015) per kilowatt-hour of electricity generated in New
18 Mexico in a taxable year by the geothermal electricity
19 generation facility for which the taxpayer holds an interest.

20 C. A taxpayer shall apply for certification of
21 eligibility for the credit provided by this section from the
22 energy, minerals and natural resources department on forms and
23 in the manner prescribed by that department. The aggregate
24 amount of credits that may be certified pursuant to this
25 section and Section 2 of this 2024 act in any calendar year is

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1 five million dollars (\$5,000,000). Completed applications
2 shall be considered in the order received. Applications for
3 certification received after this limitation has been met in a
4 calendar year shall not be approved. For taxpayers eligible to
5 receive the credit, the energy, minerals and natural resources
6 department shall issue a certificate of eligibility stating the
7 amount of credit to which the taxpayer is entitled for the
8 taxable year. The certificate of eligibility shall be numbered
9 for identification and declare the date of issuance and the
10 amount of the tax credit allowed.

11 D. To receive the credit provided by this section,
12 a taxpayer shall apply to the department on forms and in the
13 manner prescribed by the department. The application shall
14 include a certification made pursuant to Subsection C of this
15 section.

16 E. That portion of a credit that exceeds a
17 taxpayer's tax liability in the taxable year in which the
18 credit is claimed may be carried forward for up to seven
19 consecutive years; provided the total credits claimed pursuant
20 to this section shall not exceed the annual aggregate amount
21 pursuant to Subsection C of this section.

22 F. A taxpayer allowed a tax credit pursuant to this
23 section shall report the amount of the credit to the department
24 in a manner required by that department.

25 G. The department shall compile an annual report on

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1 the credit provided by this section that shall include the
2 number of taxpayers approved by the department to receive the
3 credit, the aggregate amount of credits approved and any other
4 information necessary to evaluate the credit. The department
5 shall present the report to the revenue stabilization and tax
6 policy committee and the legislative finance committee with an
7 analysis of the cost of the tax credit.

8 H. As used in this section:

9 (1) "geothermal electricity generation
10 facility" means a facility located in New Mexico that generates
11 electricity from geothermal resources and:

12 (a) for new facilities, begins
13 construction on or after July 1, 2024; or

14 (b) for existing facilities, on or after
15 July 1, 2024, increases the amount of electricity generated
16 from geothermal resources the facility generated prior to that
17 date by at least one hundred percent;

18 (2) "geothermal resources" means the natural
19 heat of the earth in excess of two hundred fifty degrees
20 Fahrenheit or the energy, in whatever form, below the surface
21 of the earth present in, resulting from, created by or that may
22 be extracted from this natural heat in excess of two hundred
23 fifty degrees Fahrenheit and all minerals in solution or other
24 products obtained from naturally heated fluids, brines,
25 associated gases and steam, in whatever form, found below the

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1 surface of the earth, but excluding oil, hydrocarbon gas and
2 other hydrocarbon substances and excluding the heating and
3 cooling capacity of the earth not resulting from the natural
4 heat of the earth in excess of two hundred fifty degrees
5 Fahrenheit as may be used for the heating and cooling of
6 buildings through an on-site geexchange heat pump or similar
7 on-site system; and

8 (3) "interest in a geothermal electricity
9 generation facility" means title to a geothermal electricity
10 generation facility; a leasehold interest in such facility; an
11 ownership interest in a business or entity that is taxed for
12 federal income tax purposes as a partnership that holds title
13 to or a leasehold interest in such facility; or an ownership
14 interest, through one or more intermediate entities that are
15 each taxed for federal income tax purposes as a partnership, in
16 a business that holds title to or a leasehold interest in such
17 facility."

18 SECTION 4. A new section of the Gross Receipts and
19 Compensating Tax Act is enacted to read:

20 "[NEW MATERIAL] DEDUCTIONS--GROSS RECEIPTS TAX--
21 COMPENSATING TAX--GEOTHERMAL ELECTRICITY GENERATION-RELATED
22 SALES AND USE.--

23 A. Prior to July 1, 2032, receipts from:

24 (1) selling tangible personal property
25 installed as part of, or services rendered in connection with,

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1 constructing and equipping a geothermal electricity generation
2 facility may be deducted from gross receipts;

3 (2) selling tangible personal property
4 installed as part of a system used for the distribution of
5 electricity generated from a geothermal electricity generation
6 facility may be deducted from gross receipts; and

7 (3) selling or leasing tangible personal
8 property or selling services that are construction plant costs
9 to a person who holds an interest in a geothermal electricity
10 generation facility may be deducted from gross receipts if the
11 holder of the interest delivers an appropriate nontaxable
12 transaction certificate to the seller or lessor or provides
13 alternative evidence pursuant to Section 7-9-43 NMSA 1978.

14 B. Prior to July 1, 2032, the value of:

15 (1) tangible personal property installed as
16 part of, or services rendered in connection with, constructing
17 and equipping a geothermal electricity generation facility may
18 be deducted in computing compensating tax due;

19 (2) tangible personal property installed as
20 part of a system used for the distribution of electricity
21 generated from a geothermal electricity generation facility may
22 be deducted in computing compensating tax due; and

23 (3) construction plant costs purchased by a
24 person who holds an interest in a geothermal electricity
25 generation facility may be deducted in computing the

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1 compensating tax due.

2 C. A taxpayer allowed a deduction pursuant to this
3 section shall report the amount of the deduction separately in
4 a manner required by the department.

5 D. The department and the energy, minerals and
6 natural resources department shall compile an annual report on
7 the deductions provided by this section that shall include the
8 number of taxpayers that claimed the deductions, the aggregate
9 amount of deductions claimed and any other information
10 necessary to evaluate the effectiveness of the deductions. The
11 departments shall present the annual report to the revenue
12 stabilization and tax policy committee and the legislative
13 finance committee with an analysis of the effectiveness and
14 cost of the deductions.

15 E. As used in this section:

16 (1) "construction plant costs" means actual
17 expenditures for the development and construction of a
18 geothermal electricity generation facility, including the
19 drilling of wells to at least twelve thousand feet; permitting;
20 site characterization and assessment; engineering; design; site
21 and equipment acquisition; raw materials; and fuel supply
22 development used directly and exclusively in the facility;

23 (2) "geothermal electricity generation
24 facility" means a facility located in New Mexico that generates
25 electricity from geothermal resources and:

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1 (a) for a new facility, begins
2 construction on or after July 1, 2024; or

3 (b) for an existing facility, on or
4 after July 1, 2024, increases the amount of electricity
5 generated from geothermal resources the facility generated
6 prior to that date by at least one hundred percent;

7 (3) "geothermal resources" means the natural
8 heat of the earth in excess of two hundred fifty degrees
9 Fahrenheit or the energy, in whatever form, below the surface
10 of the earth present in, resulting from, created by or that may
11 be extracted from this natural heat in excess of two hundred
12 fifty degrees Fahrenheit and all minerals in solution or other
13 products obtained from naturally heated fluids, brines,
14 associated gases and steam, in whatever form, found below the
15 surface of the earth, but excluding oil, hydrocarbon gas and
16 other hydrocarbon substances and excluding the heating and
17 cooling capacity of the earth not resulting from the natural
18 heat of the earth in excess of two hundred fifty degrees
19 Fahrenheit as may be used for the heating and cooling of
20 buildings through an on-site geexchange heat pump or similar
21 on-site system; and

22 (4) "interest in a geothermal electricity
23 generation facility" means title to a geothermal electricity
24 generation facility; a leasehold interest in such facility; an
25 ownership interest in a business or entity that is taxed for

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1 federal income tax purposes as a partnership that holds title
2 to or a leasehold interest in such facility; or an ownership
3 interest, through one or more intermediate entities that are
4 each taxed for federal income tax purposes as a partnership, in
5 a business that holds title to or a leasehold interest in such
6 facility."

7 SECTION 5. APPLICABILITY.--The provisions of Sections 2
8 and 3 of this act apply to taxable years beginning on or after
9 January 1, 2024.

10 SECTION 6. EFFECTIVE DATE.--The effective date of the
11 provisions of this act is July 1, 2024.

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SENATE BILL

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

DISCUSSION DRAFT

FOR THE WATER AND NATURAL RESOURCES COMMITTEE

AN ACT

MAKING A TRANSFER TO THE WATER TRUST FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. FUND TRANSFER.--One hundred million dollars (\$100,000,000) is transferred from the general fund to the water trust fund in fiscal year 2024.

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LEGISLATIVE COUNCIL SERVICE
SANTA FE, NEW MEXICO