



September 18, 2024

FY26 Water Budget Requests

Prepared By: Austin Davidson, LFC Analyst

General Fund

- The New Mexico Environment Department (NMED) requested a flat general fund for FY26, while creating a new division—the Compliance and Enforcement Division (CED).
- CED will begin in FY26 with a general fund budget of \$3.2 million and 130 FTE. To create the new division, the agency internally transferred funds, including \$441 thousand from the Water Protection Division and over \$2.3 million from the Environmental Health Division to CED.
- The purpose of the new division is to separate the permitting functions of NMED from its enforcement functions and to improve the agencies compliance capabilities.
- The State Engineer requested a \$9.74 million, or 28.5 percent, increase for FY26.
- The majority of the increase is for salary adjustments in the Water Resource Allocation Program and Litigation and Adjudication Division.
- The agency also requested a general fund swap of \$1.5 million from the Irrigation Works Construction Fund and \$500 thousand from the Rio Grande Trust Fund.

Non-Recurring

- The Environment Department requested a total of \$469.65 million in special appropriations, including:
 - \$250 million for the Strategic Water Supply,
 - \$150 million for investigations and remediation efforts of contaminated sites;
 - \$33 million for investments in rural water projects and regionalization;
 - \$28 million for the development, implementation and support of PFAS rules; and
 - \$6 million for the development of compliance and enforcement strategies.
- The State Engineer requested a total of \$49 million in special appropriations, including \$40 million for Indian Water Rights Settlements (on which rivers?) and \$9 million for Pecos River settlement agreement compliance and ongoing litigation on the Rio Grande.