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FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 02/22/01 HB 586
 SHORT TITLE: Water Conservation Efficiency Strategies SB _____
 ANALYST: Padilla

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
\$ 300.0				Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 434.

SOURCES OF INFORMATION

LFC Files
 Energy, Mineral and Natural Resources Department (EMNRD)
 Office of the State Engineer (OSE)
 Department of Finance and Administration (DFA)
 General Services Department (GSD)
 Department of Environment

SUMMARY

Synopsis of Bill

House Bill 586 appropriates \$300.0 from the general fund to DFA's Local Government Division for the purpose of implementing water conservation and water efficiency strategies. The bill allows expenditures in fiscal years 2001 and 2002.

Significant Issues

The bill would allow funds to be used to install ultra-low-flow toilets, develop rainwater harvesting incentive programs and for improving irrigation efficiency, low-water landscaping, and public outreach and education campaigns.

DFA reports that each of the strategies mentioned in the bill was discussed and recommended in 2000 by the state's Drought Task Force and is seen as a cost-effective measure for conserving water. The Office of the State Engineer and the General Services Department note that there is currently a need to encourage water conservation and to educate the public about the advantages of conservation.

PERFORMANCE IMPLICATIONS

DFA's Local Government Division is now part of performance-based budgeting. The program outlined in this bill does not relate to any of the Local Government Division's current activities. New performance requirements would have to be established to ensure the best use of this appropriation.

FISCAL IMPLICATIONS

The appropriation of \$300.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2002 shall revert to the general fund.

GSD reports that while the bill has no fiscal impact on the agency, during times of severe drought there is potential for negative fiscal implications due to damage to landscaping at state office complexes.

ADMINISTRATIVE IMPLICATIONS

The Local Government Division at DFA is not the best state agency to administer this water-related program. LGD does not currently have responsibility for water-related programs and would need to allocate staff resources to develop rules and administer the program. This bill could lead to duplication of effort with the Office of the State Engineer (OSE).

OSE notes that it has a limited water conservation program that could effectively use the appropriation in this bill to expand its efforts. OSE adds that it has taken many years to establish the water conservation program currently in place and it requires staff with expertise and experience to manage water programs. OSE and DFA therefore believe it would be more appropriate to have OSE's existing water conservation unit administer the funds provided by the bill.

OTHER SUBSTANTIVE ISSUES

The funding level provided in the bill may not be adequate to conduct a statewide program.

Executive Order #99-40, signed by Governor Johnson, complements this legislation by promoting water conservation in state government.

GSD notes that state government has made considerable progress in conserving water in the last few years. Water conservation initiatives include installing humidity sensors on irrigation systems, planting drought-tolerant landscaping and installing low-flow bathroom fixtures.

AMENDMENTS

1. OSE, GSD and DFA suggest amending the bill to make the appropriation to the water conservation program at OSE.
2. OSE alternatively suggests amending the bill to direct DFA to jointly plan and implement the program with OSE.

LP/njw