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FISCAL IMPACT REPORT

SPONSOR: Nava DATE TYPED: 03/01/01 HB _____
 SHORT TITLE: Dona Ana County Water Usage Analysis SB 473
 ANALYST: Padilla

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 220.0		See below	Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 311

SOURCES OF INFORMATION

LFC Files
 Office of the State Engineer
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Bill appropriates \$220.0 from the general fund to DFA’s Local Government Division for the purpose of conducting an economic and technical analysis of water usage as part of the Las Cruces-El Paso Sustainable Water Project.

Significant Issues

The bill does not define the goals or the beneficiaries of the proposed study. DFA would presumably contract the study out, but without additional information, it is not possible to say this with any certainty.

The El Paso-Las Cruces Regional Sustainable Water Project, proposed by the New Mexico-Texas Water Commission, intends to develop a high-quality, sustainable drinking water supply for the El Paso-Las Cruces area. In January, 2001, a “Record of Decision” was signed by the U.S. Commissioner of the International Boundary and Water Commission and El Paso Water Utilities to allow the project to begin permitting and implementation. The project will involve construction of new surface water treatment plants in El Paso, Hatch, Anthony and Las Cruces, construction of

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a 32-mile long aqueduct, etc. Rights to Rio Grande irrigation water will be acquired through purchase of irrigated lands or through agreements with irrigation districts and water rights holders; this agricultural water will then be converted to municipal and industrial use.

The State Engineer notes that the project raises serious issues for the state that have not been dealt with adequately by the project's planners. These issues include:

- The project could affect commitments under the Rio Grande Compact.
- The project's impacts on New Mexico water users have not been determined.
- The final Environment Impact Statement failed to take into account a number of serious concerns of the State of New Mexico.

For these reasons, and the fact that the city of Las Cruces and the State Engineer differ on whether the city can obtain water from Elephant Butte Irrigation District without a public review and approval by the State Engineer, the State Engineer believes the appropriation in this bill should be delayed until some of the jurisdictional issues are resolved, or should be made to the State Engineer or the Interstate Stream Commission so they can have some oversight on the study.

DFA notes that the analysis proposed by this bill could help Las Cruces answer a number of questions surrounding its water supply and projected growth.

FISCAL IMPLICATIONS

The appropriation of \$220.0 contained in this bill is a non-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.

ADMINISTRATIVE IMPLICATIONS

The State Engineer believes that the study proposed by this bill could require future expenditures by the state to address the issues discussed in this analysis.

POSSIBLE QUESTIONS

1. What is the goal of the proposed study? How would it affect the state's interests in ensuring the Las Cruces-El Paso Sustainable Water Project does not threaten New Mexico water supplies and water users?
2. Is DFA expected to flow through this appropriation to Dona Ana County or to the city of Las Cruces? Or is it expected to contract directly with someone who could conduct the study?

LP/ar