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FISCAL IMPACT REPORT

SPONSOR: Jennings DATE TYPED: 02/06/01 HB _____
 SHORT TITLE: Salt Cedar Eradication SB 256
 ANALYST: Dotson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 1,000.0	See Narrative		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

The Office of the State Engineer and the Department of Agriculture.

SUMMARY

Synopsis of Bill

Senate Bill 256 appropriates \$1 million from the general fund to the Interstate Stream Commission for expenditure in FY02 to develop and implement a program of eradication and control of salt cedar by replacing the salt cedar with native riparian vegetation

Significant Issues

Current legislative language in the General Appropriation Act has for approximately 10 years restricted the use of appropriations to the Interstate Stream Commission for this purpose.

Water salvage activities have been critical to New Mexico's historic compliance with the Rio Grande Compact. Salt Cedar and Russian Olive removal is one of those water salvage activities.

Native species habitat improvement is considered an indirect benefit of this proposal.

PERFORMANCE IMPLICATIONS

According to the State Engineer, there are scientific uncertainties regarding the measurable water savings that could be achieved through control of salt cedar. Some recent small-scale demonstration-type projects have documented rising water tables and increased stream flows. However, the net benefit of the programs depends on conditions and variables of the site selected.

FISCAL IMPLICATIONS

Senate Bill 256 -- Page 2

The appropriation of \$1,000.0 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of 2002 shall revert to the general fund. However, the successful eradication of the Salt Cedar from any significant portions of New Mexico's water ways will need considerable more funding for an extended period of time.

According to the State Engineer, an annual maintenance program to avoid re-growth would need to be established. The actual annual cost will depend on the number of acres to be maintained. The Interstate Stream Commission currently expends \$215,000 for this purpose. It is estimated that about 300 to 500 acres can be cleared with the funds anticipated in this bill. Annual maintenance cost can be about \$25,000 per year. Successful and planned implementation and evaluation may take 5 to 7 years (2-3 years for the complete removal and replanting and then a few years of monitoring to evaluate the effects).

According to the State Engineer, if implemented in the Pecos River Basin, the project must be carried out entirely with state funds. If federal funds are used, then a portion of the water savings will have to be delivered to Texas as required under the Pecos River Compact. If implemented in the Rio Grande Basin, matching federal funds could be used.

TECHNICAL ISSUES

Three hundred acres of Salt Cedar eradication would result in a benefit of approximately 200 acre/feet of water not lost to evaporation through the Salt Cedar. At \$1750 an acre/foot to permanently retire water rights at the New Mexico/Texas boarder the benefit of eradicating 400 acres is approximately \$350,000.

OTHER SUBSTANTIVE ISSUES

The consumptive use of water by non-beneficial, non-native vegetation could threaten New Mexico's ability to comply with interstate stream compacts in the long-term. Depending upon the site(s) chosen, this could result in increased river flows.

PD/ar