

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/18/13
 SPONSOR SCONC LAST UPDATED 03/01/13 HB _____
 SHORT TITLE Lower Rio Grande Water Rights SB 440/SCONCS
 ANALYST McCoy

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$120,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer/Interstate Stream Commission (OSE/ISC)

SUMMARY

Synopsis of Bill

The Senate Conservation Committee substitute for Senate Bill 440 (SB 440) appropriates \$120 million from the general fund to the Interstate Stream Commission (ISC) for expenditure in fiscal year 2014 and subsequent fiscal years to acquire, retire, protect and conserve water rights and conserve water in the lower Rio Grande basin.

FISCAL IMPLICATIONS

The appropriation of \$120 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

According to the OSE/ISC, because of the size of the appropriation and because it is not funding an existing project, it is highly unlikely that a project can be developed and the entire appropriation expended in FY14. The OSE/ISC notes, for the funds to be expended quickly, efficiently, and effectively, additional staffing, including office space and support, would be needed in FY14; however, if there is no urgency for expending the funds, additional staffing and space needs could be small.

SIGNIFICANT ISSUES

The OSE/ISC notes the following:

This bill will enable the ISC to use \$120 million for the benefit of the lower Rio Grande basin in a broad context; that is, the acquisition, retirement, protection, and conservation of water rights and water in the lower Rio Grande basin. The agency's use of these funds may include the acquisition of water rights in the lower Rio Grande basin to address the recent designation of a part of Elephant Butte Reservoir as critical habitat for the endangered Southwestern Willow Flycatcher. This appropriation may also enable the ISC to support the OSE in the effort expressed by the state engineer to re-build trust by moving forward in a step-wise manner with basin stakeholders, and by reporting to the legislature, on building capacity to administer water and water rights in the lower Rio Grande. All the above efforts would ultimately aid in protecting New Mexico water rights holders.

ADMINISTRATIVE IMPLICATIONS

The OSE/ISC notes, it is not clear from the bill what the legislative expectation is regarding expenditure of funds. The OSE/ISC points out, to the extent that expenditure of the funds could occur over a period of up to twenty years, the current ISC staff, augmented by two or three additional staff and supported by contractors, may be able to expend the funds in an efficient and effective manner. The OSE/ISC adds, to the extent the expenditure needed to occur over a shorter time interval, additional staff, office space, and contractor support would be needed.

PERFORMANCE IMPLICATIONS

As reported to the Legislative Finance Committee (LFC) at the end of the FY12 the Rio Grande River Compact accumulated delivery credit was 80.0 thousand acre feet which indicates the ISC is meeting its delivery requirements as required by the Rio Grande River Compact. The measure is reported to the LFC on a calendar year basis after the data has been approved by the compact commission, as such, the information for FY13 is not yet available.

POSSIBLE QUESTIONS

Does the Interstate Stream Commission anticipate a change in the Rio Grande compact's cumulative credit? Does the Interstate Stream Commission anticipate maintaining a compact credit in the upcoming year?

MTM/blm:svb