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FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/13

SPONSOR Leavell/Brown LAST UPDATED _____ HB _____

SHORT TITLE Lower Pecos River Drought Mitigation SB 462

ANALYST McCoy

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$2,500.0	Recurring	

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(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

Senate Bill 462 appropriates \$2.5 million from the general fund to the Interstate Stream Commission to mitigate the effects of drought in the lower Pecos river basin and the Carlsbad Irrigation District (CID) service area.

FISCAL IMPLICATIONS

The appropriation of \$2.5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year shall revert to the general fund. The ISC expects minimal operating budget impact as the ISC will be required to

administer the appropriated funds and ensure that expenditures are in compliance with state purchasing rules.

SIGNIFICANT ISSUES

The OSE/ISC reports, many New Mexicans are enduring hardships related to reduced water supplies throughout the Pecos Basin. New Mexico, and particularly the southeastern portion of the state, is experiencing one of the most severe droughts in recorded history. In fact, 2011-2012 were the driest 2-year period on record. The OSE/ISC notes the drought's unprecedented effects on the state's water supplies, including formerly perennial streams drying up, aquifer recharge rates decreasing, and well yields dropping – in some cases to zero. Due to extraordinarily low stream flow levels, the drought has been particularly devastating to Pecos Basin farmers dependent upon surface water for irrigation, such as those within the CID.

A major water administration component in the lower Pecos Basin is the Pecos River Settlement (http://www.ose.state.nm.us/isc_pecos_carlsbad_project.html). The OSE/ISC adds, the settlement was signed in 2003 by the principal water management entities in the Pecos Basin, and represents a compromise among Pecos Valley water right owners who agreed that it was the best alternative to 1) help ensure compliance with New Mexico's interstate delivery requirements under the Pecos River Compact, and 2) protect New Mexico water right owners throughout the Pecos Basin. The OSE/ISC reports, to date, New Mexico has invested roughly \$100 million in implementing the Pecos Settlement. The OSE/ISC reports, since March 2011, the ISC has been augmenting Pecos River flows by groundwater pumping in accordance with the terms of the Pecos River Settlement, which envisioned the augmentation pumping supplementing surface-water irrigation supply of CID. However, due to the meager surface water supplies over the past two years, the OSE/ISC notes, the CID has received very little irrigation water. The OSE/ISC points out, although ISC's augmentation pumping has provided significant additional CID supply, it cannot replace the lack of Pecos River flow.

TECHNICAL ISSUES

The OSE/ISC notes, the appropriation contained in SB 462 appears to be intended to provide some relief to CID farmers struggling under extreme drought conditions; however, the bill does not define how the appropriation should be expended. Nevertheless, the OSE/ISC adds, any potential expenditure will need to be carefully evaluated to ensure that it complies with all state purchasing rules, including anti-donation requirements.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The OSE/ISC notes, implementation of any drought mitigation strategies will be implemented to the extent practicable through ISC's existing operating budget.

MTM/blm