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FISCAL IMPACT REPORT

SPONSOR Cervantes **ORIGINAL DATE** 02/23/19
LAST UPDATED 03/07/19 **HB** _____

SHORT TITLE Water Trust Board Member Appointment **SB** 369/aSRC

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		No fiscal impact				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)
 New Mexico Finance Authority (NMFA)
 Department of Game and Fish (DGF)
 Energy, Minerals and Natural Resources Department (EMNRD)
 State Land Office (SLO)
 Indian Affairs Department (IAD)

SUMMARY

Synopsis of SRC Amendment

The Senate Rules Committee Amendment to Senate Bill 369 clarifies that board membership includes the secretary of the IAD or his or her designee, increases the number of public members from 6 to 7, and further clarifies public membership includes representation from Indian nations, tribes and pueblos in addition to other named representation from community stakeholders.

Synopsis of Original Bill

Senate Bill 369 would amend the Water Project Finance Act to change the appointment process and composition of the Water Trust Board (WTB) as follows:

- reduces the total number of board members from 16 to 15;
- removes the director of NMFA and the director of DGF;
- increases the number of public members from five to six appointed by the Legislative

Council, as opposed to the governor, and from those public members,

- reduces the number of representatives from irrigation or conservancy districts from two to one, adds one representative each from the agricultural community and water associations, and adds one representative from the Navajo Nation; and
- staggers terms for public members so only three terms end every two years.

FISCAL IMPLICATIONS

NMFA noted removing its representation from the WTB may take away NMFA's voice in developing policies that affect which projects are funded. This may have the unintended consequence of the WTB recommending projects NMFA cannot approve because of concerns of creditworthiness. Additionally, because NMFA funds operations of the WTB, the policies and processes developed by the WTB may negatively impact the operations or budget of the NMFA.

DGF noted removing its representation will eliminate a dedicated wildlife conservation perspective from the board's decision-making process. The loss of a voice for wildlife will significantly impact selection of habitat restoration or threatened/endangered species projects.

SIGNIFICANT ISSUES

The composition of WTB, as contemplated in SB369, would give the governor and Legislature equal power in appointing WTB members. Under the Water Project Finance Act, the Water Trust Board adopt rules governing grants or loans recommended by the board for appropriation by the Legislature from the water project fund and authorizes qualifying water projects to the NMFA.

SB369 eliminates the ex officio membership held by the directors of NMFA and DGF, or their designees, changes representation from the Navajo Nation from the president of the Navajo Nation to a representative from the Navajo Nation who lives in New Mexico appointed by the president, increases the number of public members from four to six, provides that those public members be appointed by the Legislative Council rather than by the governor with the consent of the Senate, and adds public members from the agricultural community and water associations.

The bill eliminates the governor's authority to appoint five public members, vesting that authority with the Legislative Council. Those current members appointed by the governor would serve out their terms, but should any position become vacant, but before the end of a term, the Legislative Council would have sole authority to appoint a member for that remaining term.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB326 that authorizes projects recommended by WTB from the Water Project Fund.

Relates to HB333 which appropriates \$15 million to DFA for transfer to the water project fund, \$7.5 million of which is to be awarded to mutual domestic water consumers associations.

AHO/gb/sb