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FISCAL IMPACT REPORT

SPONSOR Lujan/Romero, A. **ORIGINAL DATE** 02/01/22
LAST UPDATED 02/14/22 **HB** 24/aHAWC
SHORT TITLE State Engineer Water Planning & Management **SB** _____
ANALYST Wan

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$12,000.0	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 (OSE)

SUMMARY

Synopsis of HAWC Amendment

The House Agriculture, Acequias and Water Resources Committee amendment to House Bill 24 extends the period of time to expend the bill's appropriation from FY23 to FY23-FY25. Instead of reverting at the end of FY23, any unexpended or unencumbered balance of the appropriation shall revert to the general fund at the end of FY25. The amendment also adds Indian water rights settlements to the purposes of the appropriation.

Synopsis of Original Bill

House Bill 24 appropriates \$12 million from the general fund to the Office of the State Engineer (OSE) for the purpose of carrying out its duties to meet the water planning, administration, and management needs of the state.

FISCAL IMPLICATIONS

The appropriation of \$12 million contained in this bill is a nonrecurring expense to the general

fund. Any unexpended or unencumbered balance remaining at the end of FY23 shall revert to the general fund.

Because HB24's appropriation is nonrecurring and reverts at the end of FY23, OSE would not be able to use the funds for permanent FTE. The agency is concerned it would be unable to expend the full appropriation within the fiscal year and would find recurring funds to hire permanent FTE more helpful.

The FY23 operating budget appropriation in House Bill 2 for OSE is 14 percent higher than the agency's FY21 actual expenditures, and includes a general fund increase of \$4.1 million, or 20 percent. The increase to the personal services and employee benefits budget is sufficient to fill approximately 13 FTE. Moreover, OSE's estimated vacancy savings for FY22 total \$2.5 million, equivalent to about 26 FTE. The agency could significantly reduce its vacancy rate, which has been between 20-30 percent over the last several years, using these existing operating funds. Across all spending categories (personnel, contracts, and other costs), OSE has left, on average, \$3.8 million, or 10 percent, of its operating budget unspent over the last two fiscal years.

CW/rl/al/acv