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FISCAL IMPACT REPORT

SPONSOR <u>SCONC</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/27/23</u>
SHORT TITLE <u>Water Security Planning Act</u>	BILL <u>CS/Senate Bill</u>
	NUMBER <u>337/SCONCS</u>
	ANALYST <u>Sanchez</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	\$500.0	\$1,000.0	\$2,250.0	\$3,750	Recurring	OSE Operating Budget

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 1

Sources of Information

LFC Files

Responses Received From

Office of the State Engineer (OSE)
 Office of the Attorney General (NMAG)
 Indian Affairs Department (IAD)
 New Mexico Institute of Mining and Technology (NMIMT)

SUMMARY

Synopsis of Senate Bill 337

Senate Bill 337 proposes a new act authorizing the Interstate Stream Commission (ISC) to make loans and grants to facilitate regional water planning, subject to available funding. In addition, the bill requires ISC to create rules and guidelines establishing water planning regions and guidelines these entities must follow, including the requirement that ISC create an advisory council to create engagement with Indian nations, tribes, and pueblos, including through the use of the Tribal Collaboration Act.

Senate Bill 337 would require ISC to create specific regulations that govern the size and composition of regional water planning entities, including the boundaries and number of entities within the state. ISC would be required to obtain a water security plan with prioritized projects and activities from each entity and adopt guidelines that govern the public input requirements for each entity. In addition, ISC must set forth the criteria for commission approval of a regional water security plan and the procedure for a regional water planning entity to develop and provide notice to ISC of issues and concerns relating to the public welfare of the water planning region.

The bill would also require ISC to submit any proposals for alternative administration affecting any Indian nation, tribe, or pueblo for approval. Other duties listed in the bill’s text include annual reporting requirements, the types of support ISC must offer to regional water planning entities, and the requirement that these entities seek to comply with applicable federal laws.

Senate Bill 337 establishes the requirements a regional water planning entity must follow to obtain a specific “outcome” and sets the minimum qualifications for individuals wishing to serve on the boards of these entities. Finally, the bill proposes amendments to Section 72-14-44 NMSA 1978, which would remove much of the language relating to ISC’s current duties and obligations regarding water planning regions, many of which are addressed in the new act.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023 (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

Analysis from the Office of the State Engineer (OSE), which houses ISC, includes an estimate of the recurring costs to the agency’s operating budget necessary to comply with the provisions of Senate Bill 337. This includes funding for a rulemaking process estimated at \$1.5 million between FY24 and FY25. Additionally, OSE estimates it would require an additional 15 FTE to support regional water planning entities in the manner proscribed in the bill’s text.

Supporting the development of technical and engineering capacity at a local level has been an ongoing challenge for OSE and other state agencies for many years. Agencies regulating and enforcing water and wastewater policy have faced staffing issues and have relied on outside contractor support for many of these tasks. However, the additional responsibilities assigned in this bill would not improve this problem.

SIGNIFICANT ISSUES

Senate Bill 337 creates a framework for managing the regionalization of small water and wastewater systems by setting forth the guidelines and regulations the Interstate Stream Commission (ISC) would need to promulgate. It aims to create a comprehensive program for managing systems to replace the patchwork of regional water systems with diverse guidelines and reporting requirements that exists today. The Office of the State Engineer states that this bill was developed in collaboration with members of the Water Policy and Infrastructure Task Force and reflects the suggestions that came out of the task force’s 2022 report. Analysis from the Indian Affairs Department noted that the bill, as written, may increase the workload of IAD staff if they are expected to manage the advisory council mentioned in the bill summary.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Analysis from the office of the Attorney General includes the following statement regarding the relationship between Senate Bill 337 and Senate Bill 1:

SB1 provides for the authority to create a regional water utility authority. SB337 requires the ISC to create rules and guidelines for the establishment of water planning regions and for the regional water planning entities therein to follow. These are technically separate and different entities, as one is providing water service to users, and the other is a water

planning entity, but due to the regional nature of each there is a possibility a regional water utility authority may also qualify as a regional water planning entity.

ALTERNATIVES

Analysis from the New Mexico Institute of Mining and Technology stated:

“[The] Water Data Act does NOT include WRRI currently, suggest striking that language from section 3.7.”

SS/rl/ne