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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Dow/Armstrong **ORIGINAL DATE** 2/23/2025

BILL

SHORT TITLE Appointment of Watershed Boards **NUMBER** House Bill 431

ANALYST Davidson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMDA/ Soil and Water Conservation Districts		\$50.0	\$50.0	\$100.0	Recurring	General Fund

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

Relates to House Bill 308

Sources of Information

LFC Files

Agency Analysis Received From
 New Mexico Attorney General (NMAG)

Agency Analysis was Solicited but Not Received From
 New Mexico Environment Department (NMED)
 New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of House Bill 431

House Bill 431 (HB431) amends the Watershed District Act to change the process for selecting boards of directors for watershed districts from election to appointment by the board of supervisors of the involved soil and water conservation district. The bill also defines “minority jurisdiction district” to mean a soil and water conservation district that contains the minority of the land in a watershed district and grants minority jurisdiction districts the right to appoint three additional directors to the board of directors for an involved watershed district. The bill also sets out differing terms for certain directors upon the initial creation of a watershed district (two or four years), increasing the term length to four years for all future directors.

The effective date of this bill is July 1st, 2025.

FISCAL IMPLICATIONS

Amending the selection process for watershed boards has the potential to moderately increase the administrative workload of the New Mexico Department of Agriculture, who is the funneling agency for funding for soil and watershed districts. LFC analysis anticipates implementation of HB431 could require a \$50 thousand recurring increase for the agency. This potential financial cost could also be fulfilled within the budgets of soil and water conservation districts.

SIGNIFICANT ISSUES

Watershed districts are subdistricts of soil and water conservation districts (SWCDs), traditionally formed for the preserving and protecting the state's land and water resources. The current statute governing watershed districts requires the land area in districts to be contiguous and lie within a well-defined watershed area or sub watershed area. Watershed districts also may incorporate lands within SWCDs.

The current political process to form a new watershed district starts when fifty or more landowners, or twenty percent, of the landowners in the proposed district file a petition with the board of supervising SWCD. After public notice and a hearing, the board of the appropriate SWCD may decide if the creation of the proposed watershed district is in the interest of the public. If the board decides in favor of creation, then the SWCD shall hold a referendum on the proposed district with the affected landowners. Pursuant to a vote, a new district can be formed and a board of directors for it will be elected in the next general election. Currently, there are seven active watershed districts in the state.

Analysis from the New Mexico Attorney General (NMAG) notes House Bill 431 does not define how a SWCD is to determine whether a watershed district director will serve a two- or four-year term. The current process within the act is that term limits for supervisors are decided by lot.

NMAG analysis further notes the bill would add language stating, “when available, one director shall be a current or former elected director of the watershed district,” which NMAG finds unclear as to how long this specific appointment preference will last. NMAG analysis provides an example of this possible ambiguity:

For example, is this only for the first round of appointments, or does this preference last for several rounds of appointments until all former elected directors are unavailable to serve?

NMAG notes:

It may be necessary to amend the definition of “supervisors” so that the definition can only refer to “districts” (plural) and not also to “district or districts in which the watershed district is located” (allowing for reference to a singular district). Should any given soil and water conservation district have multiple supervisors, it may be better to refer to them as “supervisors of [a] soil and water conservation district.” As amended, the definition implies that each supervisor oversees multiple soil and water conservation districts.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

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HB431 relates to House Bill 308, which amends the Local Election Act to exclude from the definition of “local government” “a conservancy district created prior to 1930, embracing land situate[d] in four or more counties and organized pursuant to The Conservancy Act of New Mexico.”

AD/hj/rl