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FISCAL IMPACT REPORT

SPONSOR <u>Johnson/Lundstrom</u>	LAST UPDATED <u>3/6/2025</u>
	ORIGINAL DATE <u>2/25/2025</u>
SHORT TITLE <u>Navajo-Gallup Water Supply Project</u>	BILL NUMBER <u>House Bill 569/aHAAWC</u>
	ANALYST <u>Davidson</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$10,000.0	Nonrecurring	General Fund

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

Sources of Information

LFC Files

Agency Analysis Received From
New Mexico Environment Department (NMED)
Office of the State Engineer (OSE)
Indian Affairs Department (IAD)

SUMMARY

Synopsis of HAAWC Amendment for House Bill 569

The House Agriculture, Acequias and Water Committee amendment for House Bill 569 makes slight language changes to the act, clarifying which water lines the funding would go to, and changes the destination of the funding from the Environment Department to the Indian Affairs Department.

Synopsis of House Bill 569

House Bill 569 (HB569) appropriates \$10 million from the general fund to New Mexico Department of the Environment for the purpose of planning, designing, and constructing the Navajo-Gallup water supply regional water line.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY28 shall revert to the general fund.

Analysis from the New Mexico Indian Affairs Department (IAD) notes it already administers grants related to infrastructure on Pueblo and Tribal land, though the effectiveness of this management could be enhanced with additional personnel.

SIGNIFICANT ISSUES

Analysis from the Office of the State Engineer (OSE) notes the Navajo Gallup Supply Project is a major infrastructure project of the U.S. Bureau of Reclamation to construct a reliable drinking water pipeline from the San Juan River to the eastern sector of the Navajo Nation, Lybrook, portions of Jicarilla Apache Nation, and Gallup. The project was authorized by the federal Omnibus Public Land Management Act of 2009. The project will use 300 miles of pipeline, 20 pumping stations, and two water treatment plants.

Due to the complex nature of the project, it is unclear how House Bill 569 will be integrated into the federal planning and construction process regarding the larger project. While not yet completed, OSE analysis notes it is prudent for the state to look to all viable funding opportunities to complete the project.

Analysis from IAD notes the agency already works with federal partners to support the administration of water infrastructure projects and will be able to integrate the funding to enhance water security and reliable drinking water.

TECHNICAL ISSUES

OSE analysis notes there are some ambiguities with the bill and its implementation within the larger Navajo Gallup project framework:

It is unclear if the service area for the Navajo-Gallup Water Supply Project has been amended to include these communities and/or whether the Indian Health Service is already constructing an extension of pipeline to existing public water systems.

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