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FISCAL IMPACT REPORT

SPONSOR Nunez DATE TYPED 2/25/2005 HB 962

SHORT TITLE State Engineer Payment of Water Masters SB _____

ANALYST Aguilar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			\$630.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 832

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

SUMMARY

Synopsis of Bill

House Bill 962 provides for the payment of water masters appointed by the State Engineer without a request of the majority of members of a water district.

Significant Issues

HB 962 provides the State Engineer may request that counties affected by water rights administration pay for the compensation and expenses of a water master only if a majority of the members of a district have requested the appointment of such a water master.

Current statute allows the state engineer to charge the salary and expenses of the water master to the counties affected by water right administration whether he has appointed a water master by request of a majority of water right owners in the district or pursuant to his own professional judgment that the public safety or the interests of water users in the district require water right administration.

Implementation of water rights administration in a number of critical basins affected by interstate compacts and state-line delivery obligations, implementation of large-scale, crucial settlements and other important issues affecting the public welfare of the State will require hiring a number of water masters.

The State Engineer notes it is unlikely that many districts would vote in the majority to have the State Engineer employ a water master if the water users are expected to pay for the water master's salary and expenses. The water masters appointed, or to be appointed, in critical basins designated under the Engineer's Active Water Resource Management initiative are the officials conducting the day-to-day work of administering water rights on the ground, curtailing over-diversions and illegal diversions, and preventing waste.

PERFORMANCE IMPLICATIONS

The primary measure for the Office of the State Engineer is the percent readiness to conduct active water resource management in seven critical basins. Provisions of this bill may make it difficult for the agency to accomplish this objective.

FISCAL IMPLICATIONS

This bill provides for continuing appropriations. The LFC objects to including continuing appropriation language in statutory provisions. Earmarking reduces the ability of the legislature to establish spending priorities.

At present, the State Engineer employs a number of water masters funded within the current operational budget, however, approximately seven additional water masters are assigned or contemplated to be assigned to both critical basins and sub-basins. It is estimated the cost of each water master to include \$60 thousand each in salary and benefits and \$30 thousand in other costs for an estimated annual impact of about \$630 thousand to the agency. The agency cannot absorb this cost at present funding levels.

TECHNICAL ISSUES

It appears HB 962 would require the State Engineer to be personally liable for payment to appointed water masters affected by the legislation. The following amendment is suggested for consideration by the legislature:

Page 4, line 18 after the insert "office of the"

The Office of the State Engineer suggests the following language for consideration by the legislature:

Page 4, line 16 after "district" strike the remainder of the line.

Page 4, line 17 strike "district" and insert "for the purpose of administering interstate compact deliveries"