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FISCAL IMPACT REPORT

SPONSOR King DATE TYPED 3/4/05 HB 1011/aHAGC

SHORT TITLE East Torrance Soil & Water District Programs SB _____

ANALYST Hanika-Ortiz

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$144.0			Recurring	General Fund

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)
 New Mexico Department of Agriculture
 Energy, Minerals and Natural Resources Department (EMNRD)
 Office of the State Engineer (OSE)

SUMMARY

Synopsis of HAGC Amendment

The House Agriculture and Water Resources Committee amendment directs the appropriation to the Board of Regents at New Mexico State University for watershed restoration and removal of vegetation in the East Torrance Soil and Water Conservation District.

Significant Issues

The amendment addresses OSE's concerns that the work be properly managed and maintained. Past projects for soil and water districts have been funded through the NMSU. The NMDA requested this continue to maintain continuity and coordination of statewide projects.

Synopsis of Original Bill

HB 1011 appropriates \$144 thousand from the general fund to the Department of Finance and Administration (DFA) in FY06 for watershed restoration and removal of vegetation in the East Torrance Soil and Water Conservation District.

Significant Issues

Watershed restoration activities are unspecified and could include removal of non-native phreatophytes. These projects are usually designed to increase forage production for livestock and wildlife, while improving watershed health. Watershed restoration can have a positive impact on water quality, depending on the scope and goals of the project.

PERFORMANCE IMPLICATIONS

NMED monitors and reports to the legislature and the U.S. Congress on the number and location of the state's impaired waters.

The OSE is concerned that without proper oversight and expertise, ill-planned or poorly executed watershed restoration projects can negatively impact available water supplies and impair the ability of the state to meet its obligations to other states, tribes and pueblos, and New Mexico's own water users.

FISCAL IMPLICATIONS

The appropriation of \$144 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

The OSE reports it will be impossible in one year to study, design, and execute a program that includes the necessary monitoring, maintenance, and evaluation of the program. The DFA has neither experience nor expertise in this technically challenging field. If the benefits are expected to justify the expenditure, oversight of the program design and execution and evaluation by state agencies with greater experience and expertise will be necessary.

The appropriation was not submitted as part of the DFA agency budget request reviewed by the LFC in 2004.

ADMINISTRATIVE IMPLICATIONS

NMDA would customarily administer such an appropriation as they provide administrative support to the State's Soil and Water Conservation Districts. This bill directs the appropriation through the DFA to a specific soil and water conservation district rather than to the districts in general.

Past projects for soil and water districts have been funded through the Board of Regents for NMSU. The NMDA requests this continue to maintain continuity and coordination of statewide projects.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB 491 and SB 396, different appropriation amounts but both used to match federal funds from the Natural Resource Conservation Service for the soil and water conservation districts.

Relates to HB 89 and SB 696, which appropriates \$10 million to NMSU through the soil and water conservation districts to conduct a non-native phreatophyte control program.

Relates to HB 1010, which appropriates \$50 thousand to the DFA for watershed restoration in the Ciudad Soil and Water Conservation District.

TECHNICAL ISSUES

EMNRD suggests an amendment to require the funds to be tied to the New Mexico Statewide Policy and Strategic Plan for Non-Native Phreatophyte/Watershed Management as it is implemented.

OTHER SUBSTANTIVE ISSUES

The OSE has the following comment:

Water uptake and transpiration by plants can constitute a significant portion of a basin water budget. Watershed restoration is a catch-all phrase to capture a number of types of efforts designed to salvage water by reducing plant use of water, usually through eradication of non-native or woody types of higher water-use plants. However, the latest analyses by the United States Academy of Sciences and the American Council of Civil Engineers indicate that actual water salvage by watershed restoration programs are much less than usually predicted and often are non-existent unless accompanied by a carefully planned program for reintroduction of low water-use native plants.

Effective, well-designed programs of watershed restoration involve site-specific project plans and design, safeguards, monitoring, and evaluation. Monitoring and evaluating water savings from watershed restoration is one of the most difficult tasks in real-world science. Proper monitoring requires long-term effort as does effective maintenance and management.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

Watershed restoration and vegetation removal projects may not be implemented through this appropriation.

AMMENDMENT

The OSE suggests the following amendment to ensure the work is properly planned, supervised, and managed:

On page 1, line 18, after “fund to...” strike the remainder of the line, and strike line 19 through “...administration”, and insert in lieu thereof “NMDA (lead agency); EMNRD; NMED; NM IAD; NM OSE; and Soil and Water Conservation Districts”.

DH/lg:njw