

sociation of conservation districts or the executive director's designee and removes one public member.

SB 132/239 SCONCS amends existing statute to provide that twenty-five percent of all water project funds be dedicated to forest and watershed restoration projects.

The bill changes one of the five project types that may be authorized from **water conservation** projects to **conservation, recycling treatment or re-use of water projects**.

The bill gives priority to projects that have been identified as being urgent to regional water plans (either completed or under development) and that have obtained requisite state and federal

SB 132/239 SCONCS removes the drought strike team from water trust board duties and allows for donations to be made to the water project fund.

Significant Issues

The current Water Project Finance Act defines the following five categories or types of projects as being eligible for funding:

1. the storage, conveyance or delivery of water to end-users;
2. the implementation of Federal Endangered Species Act collaborative programs;
3. the restoration and management of watersheds;
4. flood control; and
5. water conservation.

The committee substitute significantly changes what projects under the Act are given priority. Specifically, projects may be given priority even though they are not related to a completed regional water plan that has been accepted by the interstate stream commission.

Annually, the WTB solicits applications for projects. The WTB screens the applications to ensure that the proposed projects satisfy the requirements to fit into one of five categories. The WTB then reviews and prioritizes the projects and submits funding recommendations to the Legislature which authorizes the final list of projects for funding.

The NMFA notes there are many factors and circumstances which affect the urgency, priority and effectiveness of water projects including: drought-related issues; changing atmospheric factors; drinking water problems for local communities (contamination, dwindling water basins, costs of drilling deeper wells, etc.); water requirements for economic development projects and new businesses; population growth; etc. Creating a statutory setaside of 25 percent for "forest and watershed restoration projects" would reduce the flexibility of the WTB and the Legislature in responding to changes in these factors and to new information and data that becomes available.

The addition of the executive director of the New Mexico association of conservation districts or the executive director's designee may be viewed as providing additional representation to an entity already represented on the board. The association of conservation districts is currently represented by the New Mexico Department of Agriculture (NMDA). Further, the removal of a public member may be viewed as limiting the role of the public in the process.

Creation of the Drought Task Force by Executive Order has eliminated the need for the Water Trust Board (WTB) to create a separate strike team.

PERFORMANCE IMPLICATIONS

At present, the water trust board does not have developed performance measures in place to determine the effectiveness of expenditures or projects funded. The LFC noted this as a concern during hearings in the interim.

FISCAL IMPLICATIONS

No significant impact on the aggregate funding available for water projects. However, there could be a significant impact on how the aggregate funding would be allocated by category or type of project each year.

This bill directs the WTB to allocate 25 percent of the available revenue to forest and watershed restoration projects. Earmarking reduces the ability of the legislature to establish spending priorities.

TECHNICAL ISSUES

The committee substitute dedicates a significant portion of funds available to the water trust board for forest and watershed restoration projects. This appears to conflict with Section 72-4A-5 NMSA 1978 which only provides authorization for projects for the restoration and management of watersheds.

PA/lg