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FISCAL IMPACT REPORT

SPONSOR Vaughn DATE TYPED 3/15/05 HB 326/aHENRC

SHORT TITLE Sacramento Mountains Hydro-Geologic Study SB _____

ANALYST Hanika-Ortiz

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$1,500.0			Non-Recurring	General Fund

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Office of the State Engineer (OSE)
 New Mexico Department of Agriculture (NMDA)

No response received from the Commission on Higher Education

SUMMARY

Synopsis of HENRC Amendment

The House Energy and Natural Resources Committee amendment allows for expenditure of the appropriation until FY08, with any unencumbered balance at the end of FY08 reverting to the general fund.

Synopsis of Original Bill

HB 326 appropriates \$1.5 million from the general fund to the Board of Regents of New Mexico State University to pay for a hydrogeologic study of the Sacramento Mountains by the Otero soil and water conservation district.

Significant Issues

The OSE has the following comments:

The hydrogeology of the Sacramento Mountains is complex; conditions can be highly variable from site to site. These conditions, along with the most pressing water management objectives in the region, require serious consideration. Critical water resource issues exist in the region and new projects should be tailored to address these issues.

The OSE has been involved in a number of hydrogeologic investigations of this region because of the large demands for additional water supplies in the area. A number of water rights applications are pending before the state engineer and represent a major challenge to the water resources of the Sacramento Mountains.

Additional hydrogeologic information is required to ensure streams and water wells will not be impaired by these proposals. This information would also be useful to other entities for land management decision-making and water planning purposes. Since the Sacramento Mountains provide surface water and groundwater recharge to the Pecos River and adjacent groundwater basins, a well-designed research program is required to protect these strategic resources. The area has critical water resource issues that need additional hydrogeologic information to resolve these issues effectively.

The NMDA believes the proposed study would contribute to solving the water supply problems of the communities in and near the Sacramento Mountains, many of which are under water use restrictions or are trucking water in from other areas. In addition to domestic water supplies, communities need sufficient water for fire protection, especially in forested areas. New wells drilled in the area have not produced sufficient amounts of water to meet the needs.

PERFORMANCE IMPLICATIONS

The OSE believes due to the level of funding requested, a one-year investigative period may be an insufficient length of time to allow the most valuable studies to be performed.

FISCAL IMPLICATIONS

The appropriation of \$1.5 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

While HB 326 is non-recurring, the LFC requests the legislature to consider that once the hydroelectric study is completed, the results could impact agencies in future years.

ADMINISTRATIVE IMPLICATIONS

The OSE recommends a multi-agency steering committee should be formed to guide investigations in order to ensure the most beneficial work products to the state.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The OSE states the project may duplicate hydrogeologic work already completed.

The OSE reports HB 326 may duplicate or provide companion efforts to the potential scope of SB 189, Statewide Aquifer Mapping.

The NMDA report HB 326 may duplicate 43, House Capitol Outlay Request.

TECHNICAL ISSUES

The OSE states HB 326 does not specify the following: study objectives, activities to be performed, who will set the study priorities, and who will perform the work.

The OSE has the following comments:

Although much effort has been made to study the hydrogeology of the area additional investigations are required. The USGS prepared a comprehensive water resource study of the area several decades ago while the OSE has funded data collection activities in this area for quite some time. The New Mexico Bureau of Geology and Mineral Resources recently completed geologic mapping for certain quadrangles in the area and the USGS recently completed a water resource investigation in the Ruidoso area. Data collection and investigations have also been performed by the OSE to process well applications. These efforts require full consideration to ensure no work duplication.

Due to the hydrogeologic complexities in the area, and wide variety of potential investigations, the selection of low priority projects is a concern if HB 326 is approved in its present form. To protect existing water rights and maintain state-line stream deliveries, the OSE requires certain types of hydrogeologic investigation. The OSE has recently adopted a new administrative groundwater flow model for the Roswell Basin, which does not include the Sacramento Mountains. These upland areas are part of the hydrologic system of the Roswell Basin but were not included in the model area due to data limitations. A water right application was recently evaluated in the basin that raised concerns of impacts to the springs and streams in the Sacramento Mountains, while well applications in the Ruidoso area may impact existing water rights and downstream users unless an improved understanding of the hydrogeology is acquired.

Involvement of the OSE and others in developing the scope of work would be worthwhile to obtain the most benefit from available funds.

OTHER SUBSTANTIVE ISSUES

The OSE has the following comments:

The study objectives of the soil and water conservation districts may or may not run contrary to other water resource management objectives.

The State Water Plan states that a multi-agency taskforce should be created to identify, focus and prioritize studies. The avenue for setting study objectives and priorities needs to be included in the bill.

The state engineer will be selecting a water master for the Ruidoso area in the near future due to the pressing water management issues in the region. Hydrogeologic data collection activities to improve Active Water Resource Administration should receive consideration. Data collection activities should also be considered to aid decision-making with respect to Critical Management Area designations. Critical Management Areas were referred to in the first draft of SB 120 relating to the regulation of domestic wells.

OSE staff have considered the Ruidoso area as a potential study candidate to recommend to the New Mexico Bureau of Geology, if the Statewide Aquifer Mapping bill is approved. The Bureau recently completed an excellent hydrogeologic evaluation of the Placitas area, which has many hydrogeologic similarities to the Sacramento Mountains.

ALTERNATIVES

None indicated

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

Continuation of water resource administration based on inadequate data.

AMENDMENTS

The OSE proposes the following AMENDMENTS:

Line 19 –20, page 1: delete “by the Otero soil and water conservation district”. Replace with the following: “A steering committee consisting of representatives from the New Mexico State University, Otero soil and water conservation district, New Mexico Bureau of Geology and Mineral Resources, and the Office of the State Engineer shall be formed to set priorities for the hydrogeologic investigations.”

Line 21-23, page 1: delete the last sentence and replace with the following: “Any unexpended or unencumbered balance remaining upon completion of the study shall revert to the general fund.”

AHO/njw:lg