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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/06
 SPONSOR Gonzales LAST UPDATED 2/1/06 HB 149/aHAGC
 SHORT TITLE Jemez y Sangre Water District Cloud Seeding SB _____
 ANALYST Lewis

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	1,400.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

Department of Finance and Administration (DFA)

SUMMARY

FOR THE WATER AND NATURAL RESOURCES COMMITTEE

Synopsis of HAGC Amendment

The House Agriculture & Water Resources Committee amendment extends the period during which the appropriation may be expended to include subsequent fiscal years without reversion to the general fund.

Synopsis of Original Bill

House Bill 149 appropriates \$1,400,000 from the general fund to the Interstate Stream Commission to conduct a demonstration cloud seeding program in the Jemez y Sangre Regional Water Planning District.

FISCAL IMPLICATIONS

The appropriation of \$1,400,000 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

According to the Department of Finance and Administration (DFA), the Interstate Stream Commission (ISC) was unable to determine whether \$1,400,000 is a realistic cost for the proposed demonstration project.

The Office of the State Engineer (OSE) notes that evaluation of the benefits derived from cloud seeding is difficult; and expenditure of the full appropriation in one year might lead to less than the best possible results for a demonstration project. OSE recommends that expenditure of the appropriation should be extended through three fiscal years.

SIGNIFICANT ISSUES

According to the Office of the State Engineer (OSE), weather modification is identified in the state water plan and most regional water plans as a potential source of new water supply. Because of a resurgence of weather modification research and cloud seeding operations throughout the western states, motivated by increasing water demands and drought, the Interstate Stream Commission (ISC) expects a marked increase in weather control and cloud modification programs under the New Mexico Weather Control Act.

OSE notes that, since January 2004, a subgroup of the Jemez y Sangre Regional Water Planning Group of Northern New Mexico has conducted Cloud Seeding Workshops in Santa Fe. Nationally prominent scientists, meteorologists, cloud seeding operators and consultants actively involved in weather modification research and operations throughout the western United States have provided presentations at the workshops. Santa Fe business interests co-sponsored the workshops and attended by a broad range of regional public officials.

The Jemez y Sangre group has used the information provided from the workshops to develop a detailed project plan and scope of work for a demonstration program to evaluate regional atmospheric conditions and better understand operational and assessment requirements for conducting cloud seeding operations in northern New Mexico.

PERFORMANCE IMPLICATIONS

DFA notes that previous cloud-seeding projects have met with mixed opinion as to the efficacy of the practice. The ISC, which is the agency with statutory authority to license and regulate cloud seeding, reports that its role in distributing these funds will allow it to incorporate quantifiable measurement and benefit analysis into the demonstration project to determine the efficacy of cloud seeding.

DFA suggests that this demonstration project may also provide insight into best practices for cloud seeding and cloud seeding regulation.

ADMINISTRATIVE IMPLICATIONS

DFA notes that the ISC appears to have sufficient resources and expertise to administer this demonstration project.

TECHNICAL ISSUES

OSE cautions that, given the variability of the natural meteorological environment, great care

must be taken in the planning, execution, and assessment of cloud seeding projects.

DFA suggests that under modified accrual accounting (Section 6-5-10(A) NMSA 1978), reversion language should read “Any unreserved undesignated balance remaining at the end of fiscal year 2007 shall revert to the general fund.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

OSE observes that, if this bill is not enacted, there will be no state support for cloud seeding activities that show promise in terms of development of alternate water resources.

AMENDMENTS

OSE proposes an amendment to extend the appropriation through three fiscal years.

ML/yr