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FISCAL IMPACT REPORT

SPONSOR Moore ORIGINAL DATE 1/30/2007
LAST UPDATED _____ HB 197
SHORT TITLE Ute Creek Watershed Restoration SB _____
ANALYST McOlash

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$10,000.0		Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates HB 268, SB 100 HB 274, SB 12, SB 62, SB 115, SB 485

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)
Energy, Minerals, and Natural Resources Department (EMNRD)
New Mexico Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 197 appropriates \$10,000,000 from the General Fund to the Board of Regents of NMSU for expenditure in FY 2007 and FY 2008 for the Ute Creek Soil and Water Conservation District (SWCD) for watershed restoration.

FISCAL IMPLICATIONS

The appropriation of \$10,000,000 contained in this bill is a non-recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 2008 shall revert to the General Fund.

SIGNIFICANT ISSUES

According to the Ute Creek Soil and Water Conservation District, possible uses for the funds

include Tamarisk/Salt Cedar, Mesquite, Cholla, and/or Juniper spraying and mechanical removal (HED Agency Bill Analysis, January 19, 2007). Removal will be followed by restoration and revegetation, ongoing treatment of a nearly 60 mile area, and monitoring the land.

Restoration in the Ute Creek watershed should also benefit Ute Lake State Park; managed by the State Parks Division, through potentially increasing beneficial surface flow into the lake and improving the health of the land that provides habitat for area wildlife that also utilize Ute Lake

This request was not submitted by NMSU to the HED for review and is not included in the Department's funding recommendation for FY08.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 268/SB 100 (Duplicates) – authorize the NM Finance Authority to make a loan or grant to the Ute Creek Soil and Water Conservation District (SWCD) for watershed restoration and management and loans or grants to 29 other projects.

HB 274 – appropriates \$70.0 million to the Interstate Stream Commission for the Ute pipeline project.

SB 12 – appropriates \$555,000 to NMSU for management of SWCDs.

SB 62 – appropriate \$595,000 to match federal funds for water conservation and resource restoration.

SB 115 – appropriates \$10.0 million to NMSU for phreatophyte removal and riparian restoration.

SB 485 - appropriates \$40.0 million to the office of the State Engineer for the Ute pipeline project.

OTHER SUBSTANTIVE ISSUES

This bill raises the following substantive issues (EMNRD):

- General fund monies for non-native phreatophyte programs should be tied to compliance with scientifically supported templates and protocols reflecting adaptive management principles and best practices contained in the statewide Non-native Phreatophyte/Watershed Management Plan.
- It will also be important for the SWCD to refer to the New Mexico Forest and Watershed Health Plan when conducting these projects.
- The Ute Creek Soil and Water Conservation District has recently implemented successful watershed restoration projects.
- EMNRD has concerns regarding the term of this appropriation and questions whether the \$10M called for in this bill can be effectively expended in just one fiscal year.

- The New Mexico Department of Agriculture should administer the funds by flowing them to the Soil and Water Conservation District.

The Interstate Stream Commission (ISC) is the primary land/water managers for Ute Reservoir and should have interest in ensuring that the Ute Creel SWCD would coordinate their restoration efforts within the watershed to complement the Ute Lake Master Plan, which is currently in draft form. This master plan outlines strategic, long-term, multiple use, management practices specific to water quality and land preservation efforts within and adjacent to Ute Reservoir.

Office of the State Engineer/Interstate Stream Commission Analysis of SB 115

The latest analyses by the United States Academy of Sciences and the American Council of Civil Engineers indicate that the amounts of water salvaged by phreatophyte removal programs are much less than predicted and may even be non-existent unless accompanied by a careful planned program of reintroduction of low water use native plants. Studies show that in most instances, great care must be taken or net water consumption can actually increase, not decrease. Similar assessments are given by scientists from national laboratories and academia.

Any funding for this type of work should be expended pursuant to the FOREST AND WATERSHED HEALTH PLAN and the NEW MEXICO STATEWIDE POLICY AND STRATEGIC PLAN FOR NON-NATIVE PHREATOPHYTE/WATERSHED MANAGEMENT and must meet all the requirements, guidelines, templates and protocols established by those plans.

BM/csd