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FISCAL IMPACT REPORT

SPONSOR M. Sanchez **ORIGINAL DATE** 2-8-07 **LAST UPDATED** 3/22/07 **HB** _____
SHORT TITLE Middle Rio Grande Water Rights Adjudication **SB** 821
ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
NFI	30,000.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB635

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

SUMMARY

Synopsis of Bill

Senate Bill 821 seeks to appropriate \$30,000,000 from the general fund to the Office of the State Engineer for expenditure in fiscal year 2008 and subsequent fiscal years to initiate water rights adjudications in the middle Rio Grande. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SIGNIFICANT ISSUES

The state engineer's budget request for fiscal year 2008 includes a base expansion request of \$269,000 for four permanent positions to create the Middle Rio Grande Pre-Adjudication Bureau within the Litigation and Adjudication Program. This expansion request is for a recurring general fund appropriation to support salaries, benefits and operating costs for these positions. OSE suggests that the appropriation under this bill is non-recurring but could be used to fund these positions indefinitely, as well as provide for additional expansion positions and technical, historical and legal studies as needed to properly survey water rights for "tens of thousands of claimants, many of which involve complex permits and/or require historical research."

OSE indicates that it is proposing a new approach for the bureau in the adjudication of water

rights in the Middle Rio Grande (MRG). The state engineer plans to exercise his existing administrative authority to under take and evaluate proofs of beneficial use to issue licenses for water rights in the MRG. This project should provide the foundation for a MRG hydrographic survey, which is required by statute (§§ 72-4-13, 15, 16, 17, and 19), that will facilitate and expedite the adjudication of water rights in the MRG.

ADMINISTRATIVE IMPLICATIONS

OSE suggests that the bill would allow for the development of a strategic plan for initiating and completing studies which would greatly facilitate the state engineer's ability to complete the hydrographic survey and the state's initiation of the adjudication, as well as provide the state engineer with the tools to better administer water rights within the Middle Rio Grande.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

OSE advises that this bill relates to SB635 in that SB635 proposes a \$7 million appropriation from the general fund to the Office of the State Engineer for expenditure in fiscal years 2008 to 2010 for the same purpose. Any unencumbered or unexpended balance remaining at the end of fiscal year 2010 would not revert to the general fund.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

OSE indicates that it will be unable to use these funds to move forward with the proposal for a Middle Rio Grande Bureau.

AMENDMENTS

BFW/mt