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FISCAL IMPACT REPORT

SPONSOR Nunez **ORIGINAL DATE** 1/27/09
LAST UPDATED _____ **HB** 119
SHORT TITLE NMSU Water Quality & Availability Research **SB** _____
ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$350.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
Office of the State Engineer (OSE)
New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

House Bill 119 appropriates \$350.0 from the general fund to the Board of Regents of New Mexico State University to expand research in water quality and availability.

FISCAL IMPLICATIONS

The appropriation of \$350.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED states that the HED did receive a Research & Public Service Project (RPSP) request from NMSU for FY10 entitled Water desalination and energy research, outreach and management for the amount of \$950.0. It is unclear if the \$350.0 appropriation that is requested in HB119 is related to the submitted RPSP. Consequently, funding recommendations from HED for this project remain uncertain.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008. The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

NMSU states that the appropriation request is for the Institute for Energy and the Environment (IEE) together with the Water Resource Research Institute (WRRI) for the purpose of managing programmatic efforts associated with the Tularosa Basin National Inland Water Desalination facility and conducting research focused on Water quality, availability, affordability and management as well as the Energy-Water nexus issues. NMSU notes further that the appropriation would provide the funds to support student fellowships, graduate student research, faculty release time, operations support and staff, as well as, conduct emerging technology demonstration and validation including testing and evaluation of pilot sized, zero discharge RO desalination system, as well as other innovative technologies. The proposed appropriation would serve to leverage \$4.0 million in funding from Federal and private sources including Bureau of Reclamation, Environmental Protection Agency, Department of Energy as well as General Electric, Intel Corporation and others.

The OSE states that water quality research is an important aspect of the characterization of water availability and quantification of water supply. A significant amount of research has occurred but more is needed. In particular research into causes and sources of salinity in groundwater is needed in many areas of the state. The OSE/ISC supports expansion of research at NMSU on water quality and water availability.

GH/mc