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FISCAL IMPACT REPORT

ORIGINAL DATE 1-23-09

SPONSOR Nuñez LAST UPDATED _____ HB 121

SHORT TITLE Interstate Stream Commission Water Planning SB _____

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$400.0	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to N/A

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

No Response Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

HB121 seeks to appropriate \$400,000 from the general fund to the Interstate Stream Commission (ISC) for expenditure in FY2010 and subsequent fiscal years to support water planning. Any unexpended balance at the end of FY2010 would not revert to the general fund.

FISCAL IMPLICATIONS

It is noted that, 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.

SIGNIFICANT ISSUES

OSE indicates that, in 1987, the ISC was authorized to implement a program for regional water planning with the intent of ensuring an adequate supply of water for each region (NMSA 72-14-43). As also mandated by statute (NMSA 72-14-3.1), the ISC in collaboration with the OSE created a State Water Plan in 2003, completed a review in 2008, and has begun its subsequent update in fiscal year 2009, and subsequent years. State statutes and sound water management policy dictate that both the regional and state and regional water plans be integrated and updated at regular intervals. By law, the State Water Plan is to be reviewed and updated at a minimum of every five years. The law also requires that regional water plans be integrated into the state water plan. The reasons for updating water plans include:

- changing hydrologic conditions,
- new data,
- implementation of accepted strategies,
- changed legal and institutional parameters,
- population growth and increased water demand (NM population reached the 2 million mark this year),
- climate change issues,
- development of emergency responses to severe droughts or flooding, and
- new economic development scenarios and their related changes in water usage.

OSE adds that effective water management within the state requires almost constant interaction with water users. Public input from public meetings and regional workshops are essential to chart the best course for future water management, and the primary benefit of funding this request is to build on successful efforts at engaging water users in each area of the state to develop plans that affect their own water resources. This funding request addresses the need to update some of the earliest water plans that were developed in the 1980s and are outdated. Only \$55,000 was allocated by the 2008 legislature to update regional plans. Some of the benefits of an effective and on-going water-planning program include:

- Current and technically accurate data about their water resources and demands helps communities address the effects of global climate change resulting in increased climate variability that manifests as droughts and floods.
- Assists the state in meeting its interstate compact obligations.
- Provides a basis for prioritizing water and wastewater infrastructure investment.
- Provides statewide continuity of policy relative to management of our water resources.
- Helps identify water-related infrastructure and management needs and opportunities to leverage federal and other funding.
- Provides strategies for watershed management and protection of water quality.
- Provides strategies for protection of endangered species.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

OSE concludes that, without adequate resources to update and integrate existing regional and state water plans, the state's investment in water management and infrastructure cannot be fully utilized. Other consequences of not funding this expansion include: lack of foresight to develop

or improve infrastructure for growing municipal and industrial demand with the attendant loss of economic potential; lack of data to assure water supplies for the future; lack of preparedness for drought; and lack of critical public input into state and regional water planning decisions. Further, that the State's historical contribution to develop sixteen¹⁶ regional water plans has been \$3,825,411, for an average cost of \$239,088 per plan, and not funding this request will cause these plans "to become outdated, obsolete and useless. The investment to date will have been lost."

AMENDMENTS

None Proposed.

BW/svb