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FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/09

SPONSOR B, Lujan LAST UPDATED _____ HB 307

SHORT TITLE Acequia & Community Ditch Fund Act Purposes SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$575.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	\$575.0		Recurring	Acequia and Community Ditch Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 Department of Agriculture (NMDA)
 Office of the State Engineer (OSE)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 307 appropriates \$575.0 from the general fund to the acequia and community ditch fund to carry out the purposes of the Acequia and Community Ditch Act.

FISCAL IMPLICATIONS

The appropriation of \$575.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of any Fiscal Year shall not revert to the general fund.

SIGNIFICANT ISSUES

The HED states that NMSU - Dept of Agriculture has reported to the HED regarding the Acequia And Community Ditch Fund (ACDF) program performance and budgeting process.

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.

NMDA states that this increase in the ACDF will enable eligible acequia and community ditch associations to access additional funding. Total funding requests by acequia and community ditch associations have historically exceeded \$1.0 million per year and requests have increased to over \$1.8 million in fiscal year 2009. The ACDF has been funded at \$648,700 for years and this increase would provide needed assistance to eligible recipients for the purposes of the act; including development of hydrologic studies, the acquisition of technical and legal research, and other services necessary to conserve and protect water for New Mexico's future through the adjudication of water rights.

The OSE notes that the Acequia Community Ditch Fund Act allows acequia associations to obtain legal representation and professional technical support on issues common to the majority of acequias within an ongoing water rights adjudication, or a majority of acequias in a subsection of an adjudication. In the absence of this funding, many acequias and community ditches could not afford professional representation and would be forced to participate in an adjudication *pro se*. This funding enables OSE to resolve issues more efficiently in negotiations with one acequia association on common issues rather than with potentially hundreds of individual acequias separately, while knowing that the acequias are receiving excellent legal representation and technical support.

GH/mt