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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/09

SPONSOR Bandy LAST UPDATED _____ HB 469

SHORT TITLE Soil & Water Conservation District Operation SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 236, SB 311

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Bill 469 appropriates \$500.0 from the general fund to the Board of Regents of New Mexico State University for management of soil and water conservation districts and operation of district programs and projects pursuant to the Soil and Water Conservation District Act.

FISCAL IMPLICATIONS

The appropriation of \$500.0 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 this request was not submitted by NMSU to the HED for review and is not included in the Department's funding recommendation for FY10.

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

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.

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.

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.)

The HED states that:

According to the NMDA, performance measures are in place for the 47 Soil and Water Conservation Districts currently under the jurisdiction of NMDA's Soil and Water Commission, where annual funding is allocated based on a performance point system which is approved by the Commission. Any given district can receive a maximum allocation of \$10,000 per year based on the Soil and Water Commission's point system. Day-to-day operations at each district are typically handled by a clerk for activities such as landowner assistance and grant writing.

The EMNRD notes that:

Since 2001, the Energy, Minerals and Natural Resources Department has provided funds to some of the soil and water conservation districts to improve forest health and conduct community wildfire protection planning and hazardous fuel reduction thinning projects around communities and individual homes to reduce local fire danger. Although the appropriation indicated in this bill is not specifically to fund similar forest health related projects on private property, the district's capacity to conduct forest health and hazardous fuel reduction work may be enhanced.

This bill may indirectly benefit the Forestry Division's efforts to improve forest and watershed health, as well as reduce hazardous forest fuel loads in and around at risk communities

RELATIONSHIP

House Bill 469 is related to Senate Bill 236 which would appropriate \$600.0 for soil and water conservation districts to match federal funds pursuant from the USDA's Natural Resources Conservation Service and to Senate Bill 311 which would amend the Soil and Water Conservation District Act to provide for financial reporting, per diem payments to supervisors, and an annual levy.

TECHNICAL ISSUES

The HED asserts that If HB469 is not enacted and SB311 does not pass, the annual audit requirement currently in statute would remain, but many districts would need to reduce on-the-ground conservations to accommodate the cost of audits.

GH/svb