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FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/09

SPONSOR Nunez LAST UPDATED _____ HB 504

SHORT TITLE NMSU Non-Native Phreatophyte Removal SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$3,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Department of Agriculture (NMDA)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Bill 504 appropriates \$3,000.0 from the general fund to the Board of Regents of New Mexico State University for non-native phreatophyte removal and riparian restoration projects conducted by soil and water conservation districts according to the New Mexico Non-Native Phreatophyte/Watershed Management Plan (NNPP).

FISCAL IMPLICATIONS

The appropriation of \$3,000.0 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 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.)

NMDA states:

The state has invested significantly in this NNPP effort appropriating over sixteen million dollars (\$16,000,000) to date. The NNPP program has not been funded for the last three years. Continued lack of funding for this effort may neutralize or negate progress made in non-native phreatophyte removal/watershed restoration.

Long-term funding from all available sources is crucial to successful implementation of the NNPP. The NNPP calls for collaboration and coordination of agencies and stakeholders across jurisdictional lines; these activities increase the likelihood of leveraging additional funding from federal and other sources. Funding for the NNPP program has not been appropriated since the fiscal year 2006.

The NNPP clearly states the need for a long-term implementation strategy for non-native phreatophyte/watershed projects. Investments by the state, local, federal, private, and tribal entities in the NNPP have been significant. These entities are familiar with all the program elements and would be able to utilize forthcoming appropriations effectively and efficiently. Phased projects have been identified and approved for action; this appropriation in fiscal year 2010 and subsequent years would allow watershed restoration activities to go forward and continue to accrue benefits.

The EMNRD notes that stands of non-native salt cedar trees are vulnerable to wildfire, but regeneration increases when burned. Wildfires in these altered ecosystems burn more frequently and hotter and provide increased challenges for firefighters. Plant and animal communities dependent on native cottonwood forests are also challenged by this trend of ecosystem conversion. Streamside stands of salt cedar are believed to move significant amounts of water through the leaves and release the moisture into the atmosphere (evapotranspiration). It may be possible to improve stream flows by removing these species and restoring the area, but that has not been established with scientific certainty.

The HED notes:

Riparian lands in New Mexico have been seriously impacted by the infestation of non-native phreatophytes. Two of the most common are salt cedar and Russian olive.

The NMDA is collaborating on and tasked with the implementation of the state's Forest and Watershed Health Plan and the New Mexico Statewide Policy and Strategic Plan for Non-Native Phreatophyte/Watershed Management. That strategic plan was called for by the Legislature in HB2 (2005) and developed by an interagency work group to coordinate and supervise all phreatophyte removal projects in the state. Both state plans call for NMDA to be the lead on watershed projects and that all funding for these projects should go to NMDA.

GH/svb