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FISCAL IMPACT REPORT

SPONSOR Candelaria **ORIGINAL DATE** 01/23/14
LAST UPDATED _____ **HB** _____

SHORT TITLE Water Trust Board Members as Chair **SB** 65

ANALYST Weber

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)
 Energy Minerals and Natural Resources Department (EMNRD)
 Office of the State Engineer (OSE)
 Department of Environment (NMED)

SUMMARY

Synopsis of Bill

Senate Bill 65 amends Section 72-4A-4 NMSA 1978 that creates the Water Trust Board. The board is composed of the following 16 members:

(1) the state engineer or the state engineer's designee; (2) the secretary of finance and administration or the secretary's designee; (3) the executive director of the New Mexico finance authority or the executive director's designee; (4) the secretary of environment or the secretary's designee; (5) the secretary of energy, minerals and natural resources or the secretary's designee; (6) the director of the department of game and fish or the director's designee; (7) the director of the New Mexico department of agriculture or the director's designee; (8) the executive director of the New Mexico municipal league or the executive director's designee; (9) the executive director of the New Mexico association of counties or the executive director's designee; (10) five public members appointed by the governor and confirmed by the senate and who represent:

- (a) the environmental community;
- (b) an irrigation or conservancy district that uses surface water;
- (c) an irrigation or conservancy district that uses ground water;

- (d) acequia water users; and
 - (e) soil and water conservation districts;
- (11) one public member appointed by the Indian affairs commission; and
- (12) the president of the Navajo Nation or the president's designee.

Current legislation states that the board chair be elected by a quorum of board members but does not designate any particular members. The bill adds that the chair shall be elected from the public members identified above.

FISCAL IMPLICATIONS

No fiscal issues are identified.

SIGNIFICANT ISSUES

EMNRD notes that it is unclear what purpose would be served by limiting the Chair of the Water Trust Board to the public members. The Water Project Finance does not specify any additional duties for the Chair other than the ability to call a meeting.

OSE adds that the sixteen (16) members comprising the water trust board currently elect the board chair by a quorum of the board and, in their discretion, are permitted to elect any member of the board, including public members. In limiting the board to electing *only* a public member rather than any member of the board, the board's discretion would be constrained. The board would be prohibited from considering for chairmanship any of the board's ten (10) ex officio members, who serve on the board by virtue of their service in other specified positions or public offices. All of the ten ex officio members possess significant expertise in their respective areas of technical expertise related to water project financing.

SB 65 would eliminate ten (10) members from consideration as chair of the board that generally serve for at least four (4) years; whereas the public members of the board who would be eligible to serve as chair of the board have staggered four (4) year appointments. The elimination of eligibility to serve as board chair for ten members of the board who serve a four (4) year term jeopardizes continuity in board leadership and may reduce sustained and continued support of state-wide priorities and initiatives.

MW/ds