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FISCAL IMPACT REPORT

ORIGINAL DATE
SPONSOR McCamley **LAST UPDATED** 01/30/15 **HB** 157

SHORT TITLE Water Project Fund Money for Conservation **SB** _____

ANALYST Sanogo

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)
 NM Environment Department (NMED)

SUMMARY

Synopsis of Bill

The water project fund (Section 72-4A-9 NMSA 1978) may be used to make loans or grants to qualified entities for any project approved by the legislature and for water rights adjudications. Current statute requires that ten percent of all water project funds be used for water rights adjudications, and twenty percent for the court costs associated with those adjudications.

HB 157 would require that another twenty percent of the fund be allocated to water conservation projects.

FISCAL IMPLICATIONS

No fiscal impacts.

SIGNIFICANT ISSUES

The New Mexico Environment Department (NMED) expressed concerns that there may be too few water conservation projects to merit a 20 percent allocation of water project funds; these reserved funds could sit idle and not be expended on other, critically needed water infrastructure

projects. The agency reports that the state’s water infrastructure needs are “too great to limit funding to specific kinds of projects.”

The Office of the State Engineer (OSE) also highlighted similar concerns as NMED. Existing law limits the expenditure of water project funds to five categories, one of which is “water conservation or recycling, treatment or reuse of water as provided by law.” OSE states that in 2013 the total of such projects was only 14.3 percent of the applications considered for funding.

TECHNICAL ISSUES

The language of Subsection B (page 2, line 19-21) is not entirely clear:

At least twenty percent of loans and grants made each from the water project fund shall be used to fund water conservation efforts.

The amendment above could be interpreted as twenty percent of total dollars awarded from the fund, or as twenty percent of the total number of loans and grants awarded from the fund.

ALTERNATIVES

OSE provides the following suggestion for an alternative, where Section 72-14-3.2 NMSA 1978 is amended to:

... require all community water systems regulated under the Safe Drinking Water Act to prepare a water conservation plan as defined by OSE (currently described in New Mexico’s Water Conservation Planning Guide for Public Water Suppliers – Technical Report 53).

AIS/je/aml