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FISCAL IMPACT REPORT

SPONSOR Stefanics/Campos **ORIGINAL DATE** 01/31/22
LAST UPDATED _____ **HB** _____
SHORT TITLE Strategic Water Reserve **SB** 162
ANALYST Wan

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$15,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)/Interstate Stream Commission (ISC)

SUMMARY

Synopsis of Bill

Senate Bill 162 appropriates \$15 million from the general fund to the Interstate Stream Commission (ISC) to administer the strategic water reserve, a reserve composed of leased, purchased, or donated surface or ground water, water rights, and storage rights. The purpose of the reserve is to assist the state in complying with interstate stream compacts and court decrees and to aid water management efforts that benefit threatened or endangered species.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$15 million contained in this bill is a nonrecurring expense to the general fund. SB162 authorizes ISC to use the funds in FY23 and subsequent fiscal years, and any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SIGNIFICANT ISSUES

According to ISC staff, the strategic water reserve is essential to meeting the requirements of the federal Endangered Species Act (ESA), 16 U.S.C. §§ 1531 to 1599, in the middle Rio Grande and lower Pecos River reaches, for future ESA compliance in the Canadian River reach below Ute Reservoir, and on the San Juan River below Navajo Reservoir. The bill's appropriation and non-reverting language would reportedly increase certainty for water right holders interested in leasing or selling their water rights that funding will be available once the transfer has been approved by the Office of the State Engineer.

RELATIONSHIP

House Bill 2 currently includes a special appropriation of \$500 thousand from the general fund to support a strategic water reserve lease with the Jicarilla Apache Nation.

CW/acv