

LFC Requester:**Austin Davidson****AGENCY BILL ANALYSIS - 2025 REGULAR SESSION****WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov*****(Analysis must be uploaded as a PDF)*****SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}***Date Prepared:** 2/16/ 2025*Check all that apply:***Bill Number:** HB 423Original Correction Amendment Substitute **Sponsor:** Rep. Debra M. Sariñana
Rep. Joy Garratt
Rep. Yanira Gurrola**Agency Name
and Code
Number:**Office of the State Engineer
550**Person Writing
Analysis:**Michelle Hunter**Short Title:** Water Security Planning Act
Funds**Phone:** (505) 795-
4474**Email:** [Michelle.hunter@ose.n](mailto:Michelle.hunter@ose.nm.gov)
m.gov:**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$30,000	nonrecurring	GF
	\$30,000	nonrecurring	GF
	\$2,000	nonrecurring	GF

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$150	\$150	\$150	\$450	Nonrecurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None

Duplicates/Relates to Appropriation in the General Appropriation Act: None

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 423 Section 1 would appropriate \$30 million from the general fund to the Office of the State Engineer (OSE) for expenditure in fiscal years 2026-2028 for the Interstate Stream Commission (ISC) to provide grants to political subdivisions of the state as fiscal agents for regional water planning entities organized pursuant to the Water Security Planning Act. Any unexpended or unencumbered balance remaining at the end of fiscal year 2028 would revert to the general fund.

Section 2 would appropriate an additional \$30 million from the general fund to the OSE for expenditure in fiscal years 2026-2028 for the OSE and ISC to improve business processes and IT systems related to internal and public access to water data and fully comply with Water Data Act responsibilities. Any unexpended or unencumbered balance remaining at the end of fiscal year 2028 would revert to the general fund.

Section 3 would appropriate an additional \$2 million would be appropriated from the general fund to the OSE for expenditure in fiscal years 2026 and 2027 to promulgate rules pursuant to Section 72-2-9.1 NMSA 1978 and take actions required to “enforce Rio Grande water rights along the Rio Grande from the Los Alamos highway bridge to Elephant Butte reservoir to ensure compliance with New Mexico's water delivery obligations to Elephant Butte reservoir pursuant to the Rio Grande Compact.” Any unexpended or unencumbered balance remaining at the end of fiscal year 2027 would revert to the general fund.

FISCAL IMPLICATIONS

ISC would likely need to hire one FTE into the planning program to administer the grant funding to regional water planning entities as proposed in Section 1. However, if the proposed appropriation could be used for administrative costs, additional funding would not be needed. Once the program was established it likely could be administered through existing staffing. See Amendments below.

SIGNIFICANT ISSUES

The OSE/ISC requested, through the executive budget recommendation, the following budgetary expansions and special appropriations that, at present, are not in the LFC budget recommendation: a \$5 million special appropriation to implement the Water Security Planning Act, \$250,000 in recurring funding for Water Data Act Initiatives and Support, \$500,000 in recurring funding to

fund water masters for Indian Water Rights Settlements Implementation, and \$500,000 in recurring funding for managing the water use in the middle Rio Grande. These requests overlap with the appropriations in this bill.

As stated above, NISC would need the ability to hire staff to provide the grants contemplated in Section 1.

The amount of money sought to be appropriated in Section 2 may not be able to be expended within the timeframe specified in the bill particularly given existing delays in C2 funding processes. That said, OSE/ISC have significant needs in terms of replacing antiquated databases and other business processes.

With respect to the appropriation in Section 3, the OSE has sought \$1 million in recurring funding to fund additional water master staff to assist in managing water uses in the middle Rio Grande, as outlined above. This bill would provide \$2 million in non-recurring funding to support similar activities. Recurring funding to ensure that the OSE can actively regulate water withdrawals in the middle Rio Grande will be more helpful for achieving the goals sought in this Section.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

Fund the recurring budgetary recommendations in the OSE/ISC executive budget.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted, the NMISC will continue to implement the 2023 Water Security Planning Act but will not have funding to issue the grants to planning regions as called for by the Act.

Additionally, if not enacted, the NMOSE/NMISC will continue to implement the 2019 Water Data Act but will not have sufficient funding to fully modernize water rights databases, real-time measurement tools, and other IT systems necessary for staff and the public to access water data

and water rights information.

Finally, if not enacted, the NMOSE will continue to administer the Middle Rio Grande with existing tools to support New Mexico's continued compliance with the Rio Grande Compact.

AMENDMENTS

SECTION 1. APPROPRIATION--WATER PLANNING.--Thirty million dollars (\$30,000,000) is appropriated from the general fund to the office of the state engineer for expenditure in fiscal years 2026 through 2028 for the interstate stream commission pursuant to the Water Security Planning Act to administer and provide grants to political subdivisions of the state as fiscal agents for regional water planning entities. Any unexpended or unencumbered balance remaining at the end of fiscal year 2028 shall revert to the general fund.