

## SB 57 - WATER TRUST FUND - Wirth

Senate Bill 57 appropriates \$250 million from the general fund to the water trust fund, which, according to the Water Project Finance Act, may only be used to make an annual distribution to the water project fund.

The Water Trust Fund provides grants and loans to political subdivisions of the state for water projects authorized by the Legislature. Eligible water projects pursuant to the act include (1) water storage, conveyance, and delivery; (2) implementation of federal Endangered Species Act of 1973 collaborative programs; (3) restoration and management of watersheds; (4) flood prevention projects; and (5) water conservation or recycling, treatment or reuse of water.

This bill would help implement the State Engineer's Water Policy and Infrastructure Task Force directly related action recommendation, pasted below.

### **Recommendation 2.3: Increase water resilience by leveraging federal funds - particularly currently available federal funds - to ensure New Mexico's water infrastructure is modernized for 21st century needs.**

**Action:** Create and build a state fund sufficient to provide some or all of the required non-federal match to utilize and leverage federal (i.e., IIJA, IRA, and other) water investments. Move quickly to organize and support New Mexico's efforts to utilize federal funding before it expires to build or rehabilitate infrastructure that will improve water resilience.

Strategies:

- A.** Leverage current state windfall revenues to help secure New Mexico's future.
- B.** Expand and consolidate mechanisms to vet proposed projects and commit state-matching funds based on applications from political subdivisions of the state.
- C.** Prioritize and earmark funding for infrastructure projects identified in state-led/state-supported/state-convened regional plans, and require that regional plans include descriptions, objectives, and budgets (that identify state matching fund amounts) for community-supported water projects.

The \$250M appropriation provided by SB 57 would be a significant step in implementing water task force recommendation 2.3. New Mexico has great needs to fund community water, wastewater, and stormwater infrastructure and to see those projects successfully implemented. Recapitalizing the Water Trust Fund outlay is essential.

Directly related to SB 57, Senate, House, and agencies' leadership see recommendation 2.3, Strategies B and C, as essential parts of state capital outlay reform strategies. Those strategies include prioritizing recommendations for projects to weigh the amount of non-state funding in the appropriation decisions of the legislature.

Spending state capital outlay for water requires additional agency capacity. The state water agencies do not have the capacity to do the jobs they already have been given, much less take on the huge water challenges presented by growing aridity.

The Executive and LFC recommended budgets are wholly inadequate to improve agency capacity in accordance with water task force recommendation 2.1. These proposed budgets disregard that greater staff capacity (numbers of qualified staff), modern information systems with better business processes, and full implementation of the 2019 Water Data Act are essential if New Mexico is to face its more arid water future.

The Legislature has the opportunity to set aside windfall revenue for water projects. The Legislature also must recognize that without staff capacity and modern information systems, water administration cannot be improved, including in recommending and expending capital outlay.

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