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SENATE

{ REPORT
119–125

ZUNI INDIAN TRIBE WATER RIGHTS SETTLEMENT ACT OF 2025

JUNE 4, 2026.—Ordered to be printed

Ms. MURKOWSKI, from the Committee on Indian Affairs,
submitted the following

R E P O R T

[To accompany S. 564]

[Including cost estimate of the Congressional Budget Office]

The Committee on Indian Affairs, to which was referred the bill (S. 564) to approve the settlement of water rights claims of the Zuni Indian Tribe in the Zuni River Stream System in the State of New Mexico, to protect the Zuni Salt Lake, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

S. 564 would resolve the water rights claims of the Zuni Indian Tribe in the Zuni River Basin in New Mexico while also safeguarding Zuni Salt Lake and its surrounding lands, which have spiritual and cultural significance to the Tribe.

BACKGROUND AND NEED

The *A:shiwi* (Zuni people) of western New Mexico rely on water from the Zuni River Basin and the tributaries of the Little Colorado River to support their lifeways. In 2003, Congress enacted the *Zuni Indian Tribe Water Rights Settlement Act*,¹ to ratify and resolve the Zuni Tribe's water rights claims in the Little Colorado River Basin in Arizona. However, Congress has not yet enacted leg-

¹Zuni Indian Tribe Water Rights Settlement Act of 2003, Pub. L. No. 108–34, 117 Stat. 782 (2003).

isolation to ratify or resolve the Zuni Tribe's water rights claims in the Zuni River Basin in New Mexico.

The Zuni River is a tributary of the Little Colorado River that originates in the Zuni Mountains of McKinley and Cibola Counties, New Mexico near the Continental Divide. Historically, the Zuni River was a high desert, perennial stream flowing through the Zuni Mountains in western New Mexico to meet the Little Colorado River in eastern Arizona.² Beginning in the late nineteenth and early twentieth centuries, however, upstream diversions, groundwater pumping, overgrazing, deforestation, and federal water development projects substantially altered natural stream flows of the Zuni River available to the Zuni Tribe.³

Central to these development efforts was the construction of Black Rock Dam in 1908 by the Bureau of Indian Affairs. The dam was designed to impound approximately 15,000 acre-feet of water in Black Rock Reservoir for irrigation and agricultural use on Zuni Tribal lands. But the structure was plagued almost immediately by an unstable foundation and a high degree of siltation, severely limiting its utility and burying a sacred spring. Today, the reservoir no longer functions as originally intended and has failed to provide a reliable long-term water supply to support irrigation-based agriculture on Zuni Tribal lands.

At the same time, extensive timber harvesting and overgrazing in the Zuni Mountains caused severe erosion and additional siltation in the Zuni River, further impairing stream flows and water quality. Combined with continued upstream groundwater pumping and diversions by junior water users, these impacts have substantially limited the Zuni Tribe's ability to practice traditional flood-water farming methods that have sustained the Tribe for centuries. These conditions have also hindered efforts to rehabilitate and modernize the Tribe's domestic water infrastructure and water delivery systems.

The Zuni Salt Lake is a high desert lake located about 60 miles south of Zuni Pueblo in Western New Mexico.⁴ The lake is sacred to the Tribe, and its salt has been traded extensively by the Zuni Tribe and other Pueblos since time immemorial, used for both religious and culinary purposes. The Zuni Salt Lake was not part of the Zuni Tribe's original reservation, but the United States returned the lake and 5,000 surrounding acres to the Zuni Tribe in 1985 following enactment of Public Law 95-280 in 1978.⁵ In recognition of its historical and cultural significance, the National Park Service listed Zuni Salt Lake on the National Register of Historic Places in 1999.⁶ Past proposals to develop fossil fuels, such as coal, near the Zuni Salt Lake endangered water levels and the aquifer below the lake as well as the surrounding landscape.⁷ The

²U.S. PARK SERV., HAER NM-7, INDEX TO PHOTOGRAPHS at 1-56 (1995).

³U.S. GEOLOGICAL SURVEY, WATER-SUPPLY PAPER 2227, *WATER RESOURCES OF THE ZUNI TRIBAL LANDS, MCKINLEY, AND CIBOLA CNTYS., NM.* (1985).

⁴U.S. GEOLOGICAL SURV., FEATURE ID 923719, SUMMARY REPORT: ZUÑI SALT LAKE (1981), <https://editns.nationalmap.gov/apps/gaz-domestic/public/search/names/923719>.

⁵See Pub. L. No. 95-280, § 1, 92 Stat. 244 (1978) (describing the lands to be acquired into trust for the Zuni Indian Tribe of New Mexico).

⁶*New Mexico—Catron County—Historic Districts*, NATIONAL REGISTER OF HISTORIC PLACES, <https://www.nationalregisterofhistoricplaces.com/NM/Catron/state.html> (last visited Oct. 17, 2024).

⁷E.g. *Protection of Native American Sacred Places as They are Affected by Department of Defense Undertakings: Hearing Before the S. Comm. on Indian Affrs.*, 107th Cong., 2d Sess. 19-25 (2002) (statement of Malcom Bowekaty, Governor, Pueblo of Zuni).

area surrounding the lake consists of a complex patchwork of Tribal, Federal, State, and privately owned lands, complicating long-term efforts to protect the hydrological, ecological, and cultural integrity of the region.

S. 564 would authorize federal funding and establish mechanisms necessary to implement the settlement agreement and support long-term water reliability for the Tribe. The bill would provide funding for water infrastructure, watershed restoration, environmental protection, and other projects intended to improve water supply, protect water quality, and strengthen the Tribe's resilience to drought and changing hydrologic conditions.

SUMMARY

S. 564 would authorize, ratify, and confirm the May 1, 2023, settlement agreement resolving the Zuni Tribe's water rights claims in the Zuni River Stream System in New Mexico and protecting the Zuni Salt Lake. The bill would direct the Secretary of the Interior to execute, provide funding, and authorize the actions necessary to implement the settlement agreement.

The bill would establish the Zuni Tribe Settlement Trust Fund, consisting of two mandatory-funded interest-bearing trust fund accounts to develop water infrastructure for domestic, municipal, and irrigation or agricultural uses:

- the Zuni Tribe Water Rights Settlement Trust Account (\$655 million); and
- the Zuni Tribe Operation, Maintenance, and Replacement Trust Account (\$29.5 million).

These accounts are intended to safeguard water resources and its sustainable use for the Zuni Tribe by providing funding to: replace the Tribe's aged municipal water system, which is currently dependent on two wells located over 10 miles away from Zuni Pueblo and has significant levels of contaminants (including radionuclides and arsenic); replace outdated sewage lagoons with a modern wastewater treatment facility that will allow the re-use of wastewater; redesign and rehabilitate the five irrigation units and associated reservoirs to adapt to climatic conditions and traditional irrigation practices; restoring the channels of the Zuni River and the Rio Nutria, a tributary of the Zuni River, for traditional and cultural purposes; repair and upgrade livestock watering facilities to allow for more efficient and even use of the Zuni Tribe's range lands by Tribal ranchers; and rehabilitate and develop additional wells and community water hauling stations in areas outside of the Zuni Tribe's main village area.

S. 564 would also protect the Zuni Salt Lake and Sanctuary, defined as approximately 217,037 acres of mixed private, Tribal trust, State, and Bureau of Land Management (BLM) administered lands by withdrawing approximately 92,364 acres of Federal land from entry, disposal, mining, and mineral or geothermal leasing. On the enforceability date, the bill would direct the Secretary to take into trust for the Tribe approximately 4,756 acres of BLM land identified as the "Tribal Acquisition Area" on the legislative map.

LEGISLATIVE HISTORY

S. 564 was introduced by Senators Heinrich and Luján on February 13, 2025. The Committee held a business meeting on March

5, 2025, and ordered the bill to be reported favorably without amendment.

An identical companion bill, H.R. 1444 was introduced by Representative Vasquez (D–NM–2) with Representatives Ledger Fernandez (D–NM–3) and Stansbury (D–NM–1) in the House of Representatives on February 18, 2025. The bill was referred to the House Committee on Natural Resources.

In the 118th Congress, an identical bill, S.4643 was introduced by Senators Heinrich and Luján on July 9, 2024. The Committee held a legislative hearing on S. 4643 on September 25, 2024. (S. Hrg. 118–551). The Committee held a business meeting to consider S. 4643 on September 18, 2024, and ordered the bill reported favorably, without amendment (S. Rept. 118–262).

An identical companion bill, H.R. 8951, was introduced by Representative Vasquez (D–NM–2) with Representatives Ledger Fernandez (D–NM–3) and Stansbury (D–NM–1) in the House of Representatives on July 8, 2024. Representative Gallego (D–AZ–1) was added as a cosponsor on July 30, 2024. The House Natural Resources Subcommittee on Water, Wildlife and Fisheries held a hearing on H.R. 8951 on July 23, 2024.

COMMITTEE RECOMMENDATION

The Senate Committee on Indian Affairs in an open business meeting on March 5, 2025, by a majority voice vote of a quorum present, recommends that the Senate pass S. 564, without amendment.

SECTION-BY-SECTION ANALYSIS

Section 1—Short title; Table of Contents

Section 1(a) sets forth the short title of the bill as the “Zuni Indian Tribe Water Rights Settlement Act of 2025.”

Section 1(b) sets forth the table of contents.

Section 2—Definitions

This section provides definitions for various terms used throughout the bill.

TITLE I—ZUNI INDIAN TRIBE WATER RIGHTS SETTLEMENT AGREEMENT

Section 101—Purposes

This section sets forth the four-fold purpose of the bill to:

- Achieve an equitable final settlement of all claims to water rights in the Zuni River Stream System for the Zuni Tribe and the United States acting as its trustee;
- Authorize, ratify, and confirm the Settlement Agreement to Quantify and Protect the Water Rights of the Zuni Indian Tribe in the Zuni River Basin in New Mexico (Agreement) entered into by the Zuni Tribe, the State of New Mexico, and various other parties;
- Authorize and direct the Secretary of the Interior to execute and carry out the Agreement; and
- Authorize funding to implement the Agreement.

Section 102—Definitions

This section provides definitions for various terms used throughout title I of the bill.

Section 103—Ratification of the Agreement

Section 103(a)–(b) authorizes, ratifies, and confirms the Agreement and conforming amendments; directs the Secretary of the Interior to execute the Agreement and amendments, and authorizes the Secretary of the Interior to make modifications consistent with congressional approval requirements and federal law.

Section 103(c) requires the Secretary of the Interior and the Zuni Tribe to comply with applicable federal environmental laws, affirms that execution of the Agreement does not constitute a major federal action under the National Environmental Policy Act, and provides for the Zuni Tribe's costs for related compliance activities to be paid from the Zuni Tribe Settlement Trust Fund.

Section 104—Tribal Water Rights

Section 104(a) clarifies that the Zuni Tribe's Water Rights are to be held in trust by the United States.

Section 104(b) protects these rights from loss through non-use, forfeiture, abandonment, or other operation of law, and preserves after-acquired State-law based water rights.

Section 104(c) clarifies that any use of the Zuni Tribe's Water Rights shall be subject to the Agreement and title I of this bill.

Section 104(d) affirms that the Zuni Tribe's Water Rights do not include any water rights for an allotment.

Section 104(e) affirms that nothing in this title quantifies or diminishes the water rights, or claims to water rights, of allottees.

Section 104(f) clarifies that any use of water on an allotment shall be accounted for out of the Zuni Tribe's Water Rights recognized in the Agreement.

Section 104(g) prohibits the Zuni Tribe from objecting to the adjudication of certain water uses on an allotment, and directs the Zuni Tribe to administer any water use on Zuni lands in accordance with applicable Federal law, including those on an allotment or decreed to the United States in trust for an allottee.

Section 104(h) authorizes the Zuni Tribe to allocate, distribute, and lease its water rights on and off Zuni lands, and clarifies that any uses off Zuni lands are subject to the terms of the Agreement, this title, and maximum lease terms not to exceed 99 years.

Section 104(i) prohibits alienation and forfeiture of the Zuni Tribe's Water Rights, and provides that authorizations of this title satisfy the requirements for federal authorization of purchases or grants of land from Indians.

Section 105—Settlement Trust Fund

Section 105(a) directs the Secretary of the Interior to establish an interest-bearing trust fund, the Zuni Tribe Settlement Trust Fund, in Treasury and requires the Secretary of the Interior to manage, invest, and distribute the Zuni Tribe Settlement Trust Fund, including investment earnings, until the funds are expended, withdrawn, or reverted to the Treasury.

Section 105(b) directs the Secretary of the Interior to establish two accounts within the Zuni Tribe Settlement Trust Fund: (1) the

Zuni Tribe Water Rights Settlement Trust Account; and (2) the Zuni Tribe Operations, Maintenance, & Replacement Trust Account.

Section 105(c) directs the Secretary of the Interior to deposit a total of \$685 million in mandatory funds into the Zuni Tribe Settlement Trust Fund, consisting of (1) the Zuni Tribe Water Rights Settlement Trust Account (\$655.5 million); and (2) the Zuni Tribe Operations, Maintenance, & Replacement Trust Account (\$29.5 million).

Section 105(d) requires the Secretary of the Interior to: (1) manage, invest, and distribute all amounts in the Zuni Tribe Settlement Trust Fund in accordance with the American Indian Trust Fund Management Reform Act of 1994 and other federal laws governing the deposit and investment of Tribal funds; and (2) authorizes the use of investment earnings accruing to the Zuni Tribe.

Section 105(e) requires the Secretary of the Interior to make most funds available to the Zuni Tribe on the enforceability date, with the exception of \$50 million in specified funds, including investment earnings, made available upon deposit for specific uses.

Section 105(f) permits withdrawals from the Zuni Tribe Settlement Trust Fund for certain specified purposes pursuant to Tribal management and expenditure plans submitted by the Zuni Tribe, approved and enforced by the Secretary of the Interior in accordance with the American Indian Trust Fund Management Reform Act of 1994, and a requirement that the Zuni Tribe spend all amounts withdrawn, including investment earnings, on purposes described in this title.

Section 105(g) clarifies that the Secretary of the Interior's decision to approve a Tribal management or expenditure plan is final and not subject to judicial review, except for under the Administrative Procedure Act.

Section 105(h) authorizes specific uses of the Zuni Tribe Settlement Trust Fund within the two subaccounts:

- (1) Five specific uses of the Zuni Tribe Water Rights Settlement Trust Account:
 - Water production, treatment, or delivery infrastructure for domestic, municipal, or wastewater use;
 - Water production, treatment, or delivery infrastructure and acquisition of water for irrigation, livestock, and agriculture;
 - Watershed and endangered species habitat protection, land and water rights acquisition, community welfare and economic development, and implementation of the Agreement;
 - Environmental compliance for projects authorized by this title;
 - Management and administration of Zuni Tribal water rights;
- (2) One specific use of the Zuni Tribe Operation, Maintenance, & Replacement Trust Account:
 - Operation, maintenance, and replacement of water infrastructure for domestic, commercial, municipal, industrial, irrigation, and livestock uses.

Section 105(i) limits federal liability for expenditures and investments of amounts withdrawn from the Zuni Tribe Settlement Trust Fund under a Tribal management plan or Tribal expenditure plan.

Section 105(j) requires the Zuni Tribe to submit an annual expenditure report to the Secretary of the Interior regarding withdrawals from the Zuni Tribe Settlement Trust Fund under a Tribal management plan or Tribal expenditure plan.

Section 105(k) prohibits per capita distribution of any portion of the Zuni Tribe Settlement Trust Fund.

Section 105(l) confirms the Zuni Tribe will retain title, control, and operation of any project infrastructure constructed with funds from the Zuni Tribe Settlement Trust Fund.

Section 105(m) clarifies that the Zuni Tribe is responsible for the operation, maintenance, and replacement costs of any project infrastructure constructed with funds from the Zuni Tribe Settlement Trust Fund.

Section 106—Funding

Section 106(a) directs a total of \$685 million in mandatory funds for the Zuni Tribe Settlement Trust Fund, consisting of (1) the Zuni Tribe Water Rights Settlement Trust Account (\$655.5 million); and (2) the Zuni Tribe Operations, Maintenance, & Replacement Trust Account (\$29.5 million).

Section 106(b) provides for adjustments of the Zuni Tribe Settlement Trust Fund to address cost fluctuation and market volatility.

Section 106(c) requires the State of New Mexico to contribute \$750,000 for the development and execution of monitoring plans, and \$500,000 for deposit into an interest-bearing account to mitigate impairment to non-Indian domestic and livestock groundwater rights resulting from the Zuni Tribe's water use.

Section 107—Waivers and releases of claims

Section 107(a)–(c) requires the parties to execute waivers and releases of claims related to the Zuni Tribe's water rights in the Zuni River Stream System before and including the enforceability date, and clarifies that such waivers and releases shall take effect on the enforceability date.

Section 107(d)–(e) reserves to the United States and the Zuni Tribe's claims to enforce water rights and water quality claims accruing after the enforceability date; preserves the sovereignty and jurisdiction of the United States and Tribal government entities; preserves the United States' authority to fulfill its trust responsibilities and enforce its laws, including environmental laws; clarifies that the bill does not confer jurisdiction on any State court to interpret federal health, safety, or environmental laws or determine the duties of any party thereunder, conduct judicial review of any federal agency action, or interpret Zuni Tribal law; and clarifies that the bill does not waive individual Zuni Tribal member claims.

Section 107(f)–(g) provides for tolling of claims and equitable defenses between the enactment and enforceability dates, and provides for termination of the agreement if the Secretary of the Interior's statement of findings is not issued by July 1, 2030, or a later date mutually agreed upon by the Zuni Tribe and the United States with notice to the State of New Mexico.

Section 108—Satisfaction of claims

This section provides that benefits realized under the bill shall serve as full satisfaction of any claim of the Zuni Tribe against the United States that the Zuni Tribe waives and releases under the bill.

Section 109—Enforceability date

This section establishes the enforceability date as the day on which the Secretary of the Interior publishes a statement of findings, including enumerated requirements, in the Federal Register.

Section 110—Miscellaneous Provisions

Section 110(a)–(c) clarifies that nothing in the bill: waives the United States’ sovereign immunity; quantifies or diminishes land and water rights of other Tribes; or affects laws or regulations in effect prior to enactment regarding pre-enforcement review of federal environmental enforcement actions.

Section 110(d) provides that in the event of a conflict between title 1 of this bill and the Agreement, title 1 shall control.

Section 111—Relation to Allottees

This section clarifies that nothing in the bill or the Agreement affects the rights or claims of Zuni allottees, the United States as trustee for Zuni allottees, or allotments.

Section 112—Antideficiency

This section clarifies that the United States shall not be liable for failure to perform if adequate appropriations are not provided by Congress.

TITLE II—ZUNI SALT LAKE AND SANCTUARY PROTECTION

Section 201—Definitions

This section provides definitions for various terms used throughout title II of the bill.

Section 202—Withdrawal of certain Federal land in New Mexico

Section 202(a) withdraws, subject to valid existing rights, 92,364 acres of Federal land located within the boundary of the 217,037 acre Zuni Salt Lake and Sanctuary from mineral development.

Section 202(b) withdraws, subject to valid existing rights, any Federal land located within this boundary that is acquired after the date of enactment.

Section 202(c) reserves the Federal land withdrawn for three specific purposes: (1) the protection of the Zuni Salt Lake and Sanctuary; (2) the protection of the quality and quantity of the Zuni Salt Lake’s water supply; and (3) the protection of any cultural resources associated with the Zuni Salt Lake and Sanctuary.

Section 203—Management of Federal land

Section 203(a) requires the Secretary of the Interior, through the BLM, to manage the Federal land withdrawn for the purposes described in Section 202(c), in accordance with the Federal Land Policy and Management Act of 1976 and in consultation with the Zuni Tribe.

Section 203(b) applies specific use restrictions to the Federal land withdrawn, including motor vehicle use, new water wells, expanded grazing uses, issuance of rights-of-way and leases, timber sales or free use, and casual collecting.

Section 204—Transfer of land into trust

Section 204(a) directs the Secretary of the Interior to take the “Tribal Acquisition Area” into trust for the Zuni Tribe, subject to valid existing rights, contracts, leases, and rights-of-way; directs the Bureau of Indian Affairs to assume all land management responsibilities for these valid existing rights; clarifies ownership of, disposal of, and liability for personal property on land taken into trust; terminates the withdrawal of Federal lands from mineral development upon the date that land is taken into trust; and takes into trust any water rights associated with the land taken into trust for the Zuni Tribe, but clarifies that those water rights are not included in this bill.

Section 204(b) directs the Secretary of the Interior to take legal title of the Potential Future Acquisition Areas, pending certain conditions are met.

Section 205—Maps and legal descriptions

Section 205(a) directs the Secretary of the Interior to publish in the Federal Register maps and legal descriptions of the Federal land withdrawn and the land taken into trust for the Zuni Tribe.

Section 205(b) clarifies the legal effect of the maps and legal descriptions published in the Federal Register.

Section 205(c) requires that copies of the maps and legal descriptions be available for public inspection in appropriate BLM offices.

COST AND BUDGETARY CONSIDERATIONS

At a Glance			
[Abstract], Zuni Indian Tribe Water Rights Settlement Act of 2025			
As [Manager] on March 5, 2025			
By Fiscal Year, Millions of Dollars	2026	2026-2031	2026-2036
Direct Spending (Outlays)	3	944	944
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	3	944	944
Spending Subject to Appropriation (Outlays)	*	1	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2037?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2037?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

The bill would:

- Secure water rights for the Zuni Indian Tribe of New Mexico by ratifying a 2023 agreement between the tribe and other parties
- Establish and appropriate funds for the Zuni Tribe Settlement Trust Fund to be administered by the Department of the Interior until its transfer to the tribe
- Transfer federal land to a trust for the protection of the Zuni Salt Lake and Sanctuary

Estimated budgetary effects would mainly stem from:

- Spending of appropriated amounts
- Spending of interest credited to the trust fund
- Transfer of the trust fund's ownership to the Zuni Tribe

Areas of significant uncertainty include:

- Projecting the amount of interest to be credited to the trust fund
- Anticipating when the water rights settlement would be final

Bill summary: S. 564 would secure water rights for the Zuni Indian Tribe of New Mexico by ratifying a 2023 settlement agreement between the tribe, the State of New Mexico, the New Mexico state engineer, and the federal government in its capacity as the tribe's trustee.

The bill would establish and appropriate funds to capitalize two accounts within the Zuni Tribe Settlement Trust Fund, which would be credited with interest during the period in which the trust fund is administered by the Department of the Interior (DOI). Once the parties to the settlement have met specified conditions, the federal government would transfer ownership of the trust fund, including any interest credited to the fund, to the tribe for use in constructing and maintaining water projects. At that time, DOI also would be directed to transfer specific federal land to be held in trust for the Zuni Tribe.

Estimated Federal cost: The estimated budgetary effects of S. 564 are shown in Table 1. The costs of the legislation fall within budget function 300 (natural resources and environment).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF S. 564

	By fiscal year, millions of dollars—													
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2026– 2031	2026– 2036	
INCREASES IN DIRECT SPENDING														
Zuni Tribe Settlement Trust Fund:														
Estimated Budget Authority ...	824	0	0	0	0	0	0	0	0	0	0	824	824	
Estimated Outlays	3	21	21	5	774	0	0	0	0	0	0	824	824	
Interest Credited to the Trust Fund:														
Estimated Budget Authority ...	0	27	30	31	32	0	0	0	0	0	0	120	120	
Estimated Outlays	0	0	0	0	120	0	0	0	0	0	0	120	120	
Total Changes:														
Estimated Budget Authority ...	824	27	30	31	32	0	0	0	0	0	0	944	944	
Estimated Outlays	3	21	21	5	894	0	0	0	0	0	0	944	944	

CBO estimates that, starting in 2026, enacting the bill's provisions would decrease offsetting receipts (and thus increase direct spending) from fees for grazing and rights-of-way by less than \$500,000 in any year and over the 2026–2036 period.

CBO estimates that implementing S. 564 would increase spending subject to appropriation by less than \$500,000 in any year through 2031, totaling \$1 million over the 2026–2031 period; any related spending would be subject to the availability of appropriated funds.

Basis of estimate: For this estimate, CBO assumes that the bill will be enacted and the specified amounts deposited into the trust fund in fiscal year 2026.

Using information from DOI and based on the bill's specifications, CBO expects that the following conditions will be met by July 1, 2030:

- The settlement, including amendments required to conform to the bill, will be final and executed,
- All waivers and releases of claims required under the bill will be executed, and
- All appeals will have been exhausted and the courts will have approved the agreement as binding on all parties.

CBO expects that DOI will publish a notice of the settlement in the *Federal Register*, stating that the bill's conditions have been met and that ownership of the trust fund is to be transferred.

Direct spending: CBO estimates that enacting the bill would increase direct spending by \$944 million over the 2026–2036 period. When the federal government transfers ownership of the trust fund to the Zuni Tribe, the amount transferred (including credited interest) would be considered a federal expenditure. The bill would make \$50 million from the trust fund immediately available to the tribe. Accordingly, CBO estimates that the remaining \$894 million would be transferred from the trust fund to the tribe in 2030 when all conditions would have been met.

The federal government would retain fiduciary responsibility over the trust fund until the tribe starts to plan, design, construct, and maintain water projects; those subsequent actions would not affect the federal budget.

Zuni Tribe Settlement Trust Fund. S. 564 would establish a trust fund consisting of two interest-bearing accounts: the Zuni Tribe Water Rights Settlement Trust Account and the Zuni Tribe Operation, Maintenance, and Replacement Trust Account. The bill would appropriate \$685 million to capitalize those accounts—\$655.5 million for the first account and \$29.5 million for the second.

Additional amounts also would be appropriated to account for inflation over the period from 2022 until those amounts are deposited into the fund. Based on the assumption that the bill will be enacted in fiscal year 2026, CBO estimates that the appropriation to account for inflation would be \$139 million; thus, we estimate that the appropriation for the fund would total \$824 million.

Under the bill, \$50 million would be immediately available from the trust fund for the tribe to plan, permit, design, and operate water projects. Based on CBO's assumptions that the settlement will be final by 2030 and that spending for specified activities would continue until then, we estimate that the tribe would spend that full amount over the 2026–2029 period.

Interest Credited to the Trust Fund. Using the interest rates that underlie CBO's February 2026 baseline projections and assuming that all conditions would be met by 2030, we estimate that \$120 million in interest would be credited to the trust fund over the 2026–2030 period.

Land in Trust. S. 564 would immediately impose restrictions on the management of federal land within the boundaries of the Zuni Salt Lake and Sanctuary, including approximately 92,000 acres of land managed by the Bureau of Land Management (BLM) and any land acquired after the bill's enactment. In addition, DOI would be directed to transfer that land to be held in trust for the tribe in

2030, when CBO expects that all settlement conditions will be satisfied.

Using information from BLM, CBO estimates that, starting in 2026, enacting the federal land management restrictions would decrease offsetting receipts (and thus increase direct spending) because BLM would no longer collect fees for grazing or rights-of-way on that land. Using information from the agency about those fees, CBO estimates that the increase in direct spending would be less than \$500,000 in any year and over the 2026–2036 period.

Spending subject to appropriation: BLM and DOI also would incur costs under S. 564 both to oversee the tribe’s compliance with environmental and technical standards and to complete the land transfer. Using information from the agencies about average costs for similar activities, CBO estimates that the cost would be less than \$500,000 in any year and would total \$1 million over the 2026–2031 period; any related spending would be subject to the availability of appropriated funds.

Nonbudgetary effects: The agreement requires New Mexico to contribute \$1.25 million to support the settlement. If the federal government takes control of assets that belong to other entities, those amounts are generally considered nonbudgetary and their collection and disbursement do not affect the deficit.

Uncertainty: This estimate is subject to uncertainty because the amount of interest credited to the fund would depend on interest rates. If interest rates are higher or lower than CBO currently projects, the amount of credited interest transferred to the tribe would be correspondingly more or less than CBO estimates.

In addition, the timing of when all settlement conditions are satisfied will affect the amount of interest credited to the fund. S. 564 would allow the parties to delay finalizing the settlement if additional time is needed to satisfy the required conditions. If settlement conditions are satisfied later or earlier than CBO expects, the amount of credited interest would be correspondingly more or less than CBO estimates.

Finally, the bill would provide the Zuni Tribe with immediate access to \$50 million from the trust fund and any interest earned on that amount before the settlement conditions are finalized. If spending occurs more slowly or quickly than CBO estimates, interest credited to the fund would be correspondingly more or less than we estimate.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 1.

Increase in long-term net direct spending and deficits: CBO estimates that enacting S. 564 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2037.

Mandates: The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

Estimate prepared by: Federal costs: Alaina Rhee; Mandates: Erich Dvorak.

Estimate reviewed by: Ann E. Futrell, Chief, Natural and Physical Resources Cost Estimates Unit; Kathleen FitzGerald, Chief,

Public and Private Mandates Unit; H. Samuel Papenfuss, Deputy Director of Budget Analysis.

Estimate approved by: Phillip L. Swagel, Director, Congressional Budget Office.

REGULATORY AND PAPERWORK IMPACT STATEMENT

Paragraph 11(b) of rule XXVI of the Standing Rules of the Senate requires each report accompanying a bill to evaluate the regulatory and paperwork impact that would be incurred in carrying out the bill. The Committee believes that S. 564, as reported, will have minimal impact on regulatory or paperwork requirements.

EXECUTIVE TESTIMONY AND COMMUNICATIONS

The testimony provided by the U.S. Department of the Interior from the September 25, 2024, hearing on S.4643 follows:

STATEMENT OF BRYAN NEWLAND ASSISTANT SECRETARY FOR INDIAN AFFAIRS U.S. DEPARTMENT OF THE INTERIOR

S. 4643, ZUNI INDIAN TRIBE WATER RIGHTS SETTLEMENT ACT OF 2024

S. 4643 would approve and provide authorizations to carry out the settlement of certain water rights claims of the Zuni Tribe in the Zuni River basin in New Mexico.

I. Background

A. Historical Context

Like other Pueblos in New Mexico, the Zuni Tribe were agricultural people living in established villages when the Spanish explorers first came to New Mexico. Before the Zuni Tribe's lands became part of the United States, they fell under the jurisdiction first of Spain, and later of Mexico, both of which recognized and protected the rights of Pueblos to use water. When the United States asserted its sovereignty over Pueblo lands in what is now the State of New Mexico, it did so under the terms of the Treaty of Guadalupe Hidalgo, which protected rights recognized by prior sovereigns, including Pueblo rights.

B. The Zuni Tribe and Zuni Basin Water Resources

The Zuni Tribe has approximately 448,000 acres in west-central New Mexico, approximately 32 miles south of Gallup, New Mexico, and approximately 15,000 acres in east-central Arizona. All of the Zuni Tribe's main villages are in New Mexico and the Tribe has approximately 11,800 enrolled members, of which about 9,323 reside on the Tribe's lands.

The Zuni River basin, located in west-central New Mexico, is a tributary to the Little Colorado River. The river originates in the western slopes of the Zuni Mountains in New Mexico and flows for about 90 miles in a southwesterly direction through the Zuni Reservation and joins the Little Colorado River, a tributary to the Colorado River, in Arizona.

The Zuni Tribe is located in an arid region of New Mexico, and drought is a common occurrence that has impacted, and continues to impact, the Tribe. Since time immemorial, the Zuni Tribe has made use of the water in the Zuni River basin. However, the supply of water in the Zuni River available to the Zuni Tribe has been reduced over time from diversions by neighboring non-Indian water users, including Ramah Dam on Cebolla Creek, which lies upstream of the Zuni Tribe. In addition, irrigation infrastructure constructed by the Department of the Interior many years ago needs to be rehabilitated and reconstructed. While the Zuni Tribe has senior water rights in the basin, it is facing water shortages that impact its ability to provide sustainable water for its current and future water needs. Recent effects of global warming and climate change are exacerbating these effects and surface water supplies are dwindling. The Zuni Tribe seeks funding as part of the proposed settlement to rehabilitate the irrigation structures on its lands and to develop the Tribe's water resources for various uses, including domestic and municipal purposes, for current and future Tribal populations.

In 2001, after a failed adjudication in state court, the United States filed suit in Federal court to adjudicate water rights in the Zuni River basin in New Mexico. The adjudication will resolve the water rights claims of non-Indians, the Zuni Tribe, the Navajo Nation, and allottees.

Negotiations originally began in 1990 and were renewed in 2013, when the United States revived its team to negotiate a comprehensive settlement of the Tribal water rights in the Zuni River basin. The Zuni Tribe has reached settlement of its claims in the basin, but the Navajo Nation has not.

II. Proposed Zuni Tribe Settlement Legislation

The Zuni Tribe and the State of New Mexico executed a settlement agreement in 2023, quantifying the rights of the Tribe and reaching agreement on other key issues. The Ramah Land and Irrigation Company, comprised of non-Indian water users upstream of the Zuni Tribe and the owner and operator of Ramah Dam, signed a letter of support for the settlement agreement in 2023, as well. The United States is not a signatory to the 2023 settlement agreement.

S. 4643 would resolve all of the Zuni Tribe's water rights claims in the Zuni River basin in New Mexico; ratify and confirm the water rights settlement agreement among the Tribe and the State of New Mexico; authorize the Secretary of the Interior to sign the settlement agreement; and authorize funds to implement the settlement.

S. 4643 would ratify and confirm the Zuni Tribe's water rights to approximately 24,809 acre-feet per year (AFY) from surface water and groundwater sources on the Pueblo, as well as 22,453 acre-feet in existing reservoir and stock pond storage. These amounts include 5,000 AFY of

groundwater use for past, present, and future uses, including economic development for the Zuni Tribe. In addition, pursuant to the settlement agreement, the State closed both the Zuni River basin and the Zuni Salt Lake and Sanctuary to any future appropriations of groundwater and surface water in June and July 2023, (with the exception of new livestock and domestic wells, which will be limited to 0.5 acre-feet per year).

S. 4643 would also protect non-Indian water users, as the Zuni Tribe would agree to not make priority calls against non-Tribal adjudicated water rights as long as the water rights holder does not object to the Zuni's Tribe's settlement.

Finally, S. 4643 would establish a Trust Fund for the Zuni Tribe, totaling \$685 million, to be indexed: (1) \$655.5 million in a Water Rights Settlement Trust Account and (2) \$29.5 million in a Operation, Maintenance, & Replacement Trust Account. The Zuni Tribe could use these Trust Funds to develop water infrastructure as it determines necessary and on its own timeframe. Monies in the Water Rights Settlement Trust Account could be used by the Zuni Tribe for:

- (1) Planning, permitting, designing, engineering, constructing, reconstructing, replacing, rehabilitating, operating, or repairing water production, treatment, or delivery infrastructure, including for domestic and municipal supply, or wastewater infrastructure;

- (2) Planning, permitting, designing, engineering, constructing, reconstructing, replacing, rehabilitating, operating, or repairing water production, treatment, or delivery infrastructure, acquisition of water, or on-farm improvements for irrigation, livestock, and support of agriculture;

- (3) Planning, permitting, designing, engineering, constructing, reconstructing, replacing, rehabilitating, operating, monitoring, or other measures for watershed and endangered species habitat protection and enhancement, land and water rights acquisition, water related Tribal community welfare and economic development, and costs relating to the implementation of the settlement agreement;

- (4) Ensuring environmental compliance in the development and construction of projects under the legislation; and

- (5) Tribal water rights management and administration.

The State of New Mexico would contribute \$1.25 million to provide for benefits of non-Indian water users. The State's commitment includes \$500,000 for a fund to mitigate impairment to non-Indian livestock and domestic well rights resulting from new or changed water uses by the Zuni Tribe and \$750,000 to develop monitoring programs to assess impacts to the Zuni Salt Lake, which has significant cultural importance to the Zuni Tribe and other Tribes and Pueblos.

There are 15 allotments within or near Zuni lands that total approximately 2,213 acres. The water rights of these allotments would not be settled at this time but would be adjudicated later in the on-going adjudication. S. 4643 would not in any way impose any conditions on the use of water on these allotments or alter the ability of the United States and allottees to make water rights claims for these lands in the future.

Title II of S. 4643 would provide for protections for the Zuni Salt Lake, a lake outside the Zuni basin that has great spiritual and cultural meaning to the Zuni Tribe and other Pueblos and Tribes in New Mexico. The legislation would transfer approximately 4,822 acres of land surrounding the Lake and managed by the Bureau of Land Management (BLM) into trust for the Zuni Tribe upon the enforceability date of the settlement. In addition, the legislation would withdraw approximately 92,364 acres of BLM land near the Zuni Salt Lake and impose various restrictions on the management of those lands to protect the Lake and its cultural values. The withdrawal would include all BLM lands that are within the closure order the State of New Mexico issued in July of 2023, closing the area around the Zuni Salt Lake and Sanctuary to any new appropriations of groundwater or surface water (with the exception of new livestock and domestic wells, which will be limited to 0.5 acre-feet per year).

III. Department of the Interior Position on S. 4643

The Department of the Interior is pleased to support S. 4643. This bill is the result of decades of litigation and over a decade of good-faith negotiations. S. 4643 is designed to meet the Zuni Tribe's current and long-term needs for water by providing Trust Funds to be used by the Tribe according to its needs and its own determinations. Rather than committing the Zuni Tribe or the United States to construct specific water infrastructure projects, the bill would allow the Tribe to make decisions regarding how, when, and where to develop water infrastructure on Zuni lands. This approach to settlement is consistent with Tribal sovereignty and self-determination, and with our trust responsibilities, and will help to ensure that the Zuni Tribe can maintain its way of life.

CHANGES IN EXISTING LAW

In the opinion of the Committee, it is necessary to dispense with subsection 12 of rule XXVI of the Standing Rules of the Senate to expedite the business of the Senate.

