

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR	<u>Martinez</u>	ORIGINAL DATE	<u>01/24/08</u>	HB	<u></u>
SHORT TITLE	<u>Study PRC Regulation of Propane Gas</u>	LAST UPDATED	<u></u>	SM	<u>16/aSRC/aSCONC</u>
				ANALYST	<u>Shaya</u>

Duplicates HM 13

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of SCONC Amendment

Senate Conservation Committee amendment of Senate Memorial 16; On page 2, line 18, strike "possible regulation of"; On page 2, line 19, strike "by the public regulation commission".

The amendment removes the possible regulation of the propane gas industry by the public regulation commission.

Synopsis of SRC Amendment

Senate Rules Committee amendment of Senate Memorial 16 ; On page 1, line 23, after "to", strike the remainder of the line, strike line 24 and strike line 25 up to the semicolon and insert in lieu thereof "the high costs of fuel be protected":

2. On page 2, between lines 19 and 20, insert the following: "BE IT FURTHER RESOLVED that the study include a review of the following: A. the relationship between the low income home energy assistance program and the price of propane; B. current regulation of propane installations by the construction industries division of the regulation and licensing department; and C. liability issues associated with the propane industry; and".,

The amendment changes the language of the original bill to high fuel costs from excessive or unjustified increases in the price of fuel. The amendment also requires the study to include the relationship between the low income home energy assistance program and the price of propane; the current regulation of propane installations by the construction industries division of the regulation and licensing department; and the liability issues associated with the propane industry

Synopsis of Original Bill

Senate Memorial 16 requests the New Mexico Legislative Council to direct the appropriate Interim Legislative Committee to study the possible regulation of the propane gas industry by the Public Regulation Commission.

The appropriate Interim Legislative Committee appointed by the Legislative Council will be directed to hold a hearing on this issue by November 1, 2008. Copies of this Memorial are to be transmitted to the New Mexico Legislative Council and the Chair of the Public Regulation Commission.

SIGNIFICANT ISSUES

SM 16 proposes that with rising fuel costs across the nation, there is an increasing concern to the public, especially low-income persons living in rural areas of New Mexico. Many New Mexicans living in rural communities depend on propane gas as an energy source to heat their homes in the winter. SM 16 states that it is necessary to protect the most vulnerable New Mexicans from excessive and unjustified increases in the price of fuel from persons who may take unfair advantage of them.

Currently, the Public Regulation Commission does not regulate the propane gas industry and the rates charged for propane gas services. SM 16 proposes oversight of the propane gas industry by the Public Regulation Commission to ensure that New Mexicans, particularly low-income New Mexicans, are paying fair prices for propane gas. Under the Public Utility Act, the Public Regulation Commission would be provided with the authority and oversight of the entities “manufacturing, storing, selling, or distributing propane gas in enclosed containers or tank trucks for the use of consumers, except consumers who receive their supply through any pipeline system operating under municipal authority,” according to the Memorial.

DUPLICATION

SM 16 duplicates HM 13.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The consequence of not enacting this bill will result in the continued unregulated practices of the propane gas industry and the rates charged for propane gas service to New Mexicans. The State’s most vulnerable populations, especially low-income persons living in rural communities, will be the one’s most severely affected because many low-income persons rely on propane gas to heat their homes in the winter.

POSSIBLE QUESTIONS

Is the propane gas industry taking advantage of the citizens of the State of New Mexico by increasing its rates charged for propane gas services?

RS/bb