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AN ACT

RELATING TO UTILITIES; PROVIDING FOR MINIMUM STANDARDS FOR
THE FORMATION OF NEW ASSOCIATIONS FORMED UNDER THE SANITARY
PROJECTS ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 3-29-5 NMSA 1978 (being Laws 1965,
Chapter 300, Section 14-28-5, as amended) is amended to read:

"3-29-5. RESTRICTIONS ON FORMING AN ASSOCIATION.--

A. A new association shall not be formed under
the Sanitary Projects Act by original incorporation after
January 1, 2000, and a new association shall not be formed by
reorganization after January 1, 2000, unless the preceding
entity was in existence on January 1, 2000, if the service
area of either association includes property contiguous to an
incorporated municipality or an unincorporated area currently
served by a municipality or by a water and sanitation
district. The restrictions on forming an association set
forth in this subsection shall not apply if the contiguous
incorporated municipality or water and sanitation district
does not provide the services or cannot provide the services
to be provided by the association at or below the cost
proposed by the association.

B. An association shall not construct with state
funds a project required in order to allow creation of a

1 subdivision under the provisions of the Land Subdivision Act,
2 the New Mexico Subdivision Act or Section 47-5-9 NMSA 1978;
3 however, an association may construct a project serving a
4 previously approved subdivision in the service area of the
5 association.

6 C. After July 1, 2006, a new association shall
7 not be formed as a capital stock corporation.

8 D. A new association shall not be formed under
9 the Sanitary Projects Act after July 1, 2017 unless the
10 association will service at least fifteen connections or a
11 population of at least twenty-five people for at least six
12 months of the year." _____

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