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## FISCAL IMPACT REPORT

LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/17/23

SPONSOR Sharer

BILL  
NUMBER Senate Bill 372

SHORT TITLE Storm Water Facility As Municipal Utility

ANALYST Graeser

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25	FY26	FY27		
	Indeterminate; increase in enterprise fee revenue				Recurring	Adopting Municipalities

Parenthesis ( ) indicate revenue decreases.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Indeterminate	Indeterminate	Indeterminate	Recurring	Adopting Municipalities
	Minimal	Minimal	Minimal	Recurring	DFA/LGD

Parenthesis ( ) indicate expenditure decreases.

### Sources of Information

LFC Files

### Responses Received From

Department of Finance and Administration/Local Government Division (DFA/LGD)  
Office of the State Engineer (OSE)

### No Response Received

Municipal League (NMML)  
New Mexico Counties

## SUMMARY

### Synopsis of Senate Bill 372

Senate Bill 372 amends Section 3-23-1 NMSA 1978 and allows any municipality to “acquire, operate and maintain a municipal utility to provide for storm water service for the collection, treatment, storage or disposal of storm water” and charge a fee to all residents benefitting from those facilities. This puts storm water facilities on an equal footing with water, electricity, gas, sewer service, geothermal energy, refuse collection service, or street maintenance as public utilities. Fees charged to residents for these public utilities are known as “enterprise funds.”

This bill does not contain an effective date, and as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed.

## **FISCAL IMPLICATIONS**

DFA/LGD notes that municipalities are required to submit annual budgets to the LGD. Fees imposed for storm water utility would be determined by the implementing municipality estimating operating budget expenditures such as: number of essential FTE(s) salary, benefits, taxes, supplies, materials, and any provisional expenditures related to the operations of this new program. This effort would determine the service charge amount to impose on residents.

## **SIGNIFICANT ISSUES**

DFA/LGD notes:

The municipality will have full control of the implementation and service rate setting that will be imposed to the property owners for the storm water services. The newly service charges imposed could potentially become a hardship to residence living on a fixed income. In addition, a reasonable payment in advance or a reasonable deposit for the storm water service may be required.

## **PERFORMANCE IMPLICATIONS**

The collection of fees will be controlled by the municipality to aid the program in being self-sustaining in the operations and maintenance of storing and disposal of storm water.

## **ADMINISTRATIVE IMPLICATIONS**

DFA/LGD notes special procedures apply if the storm water system requires annexation of land into municipal boundaries. This is not a change proposed in this bill.

LG/al/ne