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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/22/2025 *Check all that apply:*
Bill Number: SB7 Original X Correction
 Amendment Substitute

Sponsor: Sen. Sharer **Agency Name and Code** NMED-667
Short Title: Storm Water Service as Municipal Utility **Number:** _____
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SECTION II: FISCAL IMPACT

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		None	None	None		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SB 21 & SB 22
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 7 (SB7) authorizes municipalities to establish and manage stormwater utilities, including the collection, treatment, storage, and disposal of stormwater. SB7 also allows municipalities to impose reasonable fees on property owners to fund the services provided by stormwater utilities, ensuring equitable cost distribution for managing stormwater runoff. The bill expands the definition of “municipal utility” within the Municipal Code to explicitly include “stormwater facilities,” aligning statutory language with the proposed new capabilities granted to municipalities.

FISCAL IMPLICATIONS

None identified.

SIGNIFICANT ISSUES

Stormwater discharge from a stormwater utility, as well as stormwater conveyance and treatment systems, to any surface water in the State—including lakes, rivers, streams (including

intermittent and ephemeral streams), mudflats, sandflats, wetlands, sloughs, prairie potholes, wet meadows, playa lakes, reservoirs, natural ponds, and tributaries or adjacent wetlands—must comply with state water quality standards. Such discharges may also require a federal or state surface water quality permit. Municipalities will need to comply with all relevant water laws, including obtaining all required permits depending on the discharge.

PERFORMANCE IMPLICATIONS

SB7 provides municipalities with tools to better manage stormwater runoff, which can indirectly support source water protection efforts by reducing pollutants and sediments entering drinking water sources.

The bill establishes a framework for creating stormwater utilities and funding mechanisms, enabling municipalities to address localized flooding, erosion, and other stormwater runoff challenges. While SB7 does not explicitly target source or surface water protection, it can complement water quality initiatives if municipalities prioritize projects that benefit source water areas and incorporate stormwater pollution prevention plans. These plans include best management practices and engineering controls designed to prevent pollutants from entering surface waters through stormwater flows.

ADMINISTRATIVE IMPLICATIONS

None identified.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Surface water quality discharge permits are also included in SB21: Pollutant Discharge Elimination System and SB22: Water Quality & Pollution.

TECHNICAL ISSUES

None identified

OTHER SUBSTANTIVE ISSUES

Municipalities often operate with constrained budgets, limited staffing, and limited resources. Without proper planning, the creation of a stormwater utility could place additional strain on existing operations and reduce the effectiveness of essential services. While stormwater management is an important component of protecting water quality and mitigating pollution, the implementation of a stormwater utility must be done in a way that it complements, rather than competes with, other municipal utility functions.

ALTERNATIVES

None identified.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without the framework provided by SB7, communities will not have a tool to address stormwater challenges, thereby increasing risks to water quality and public health. Unmanaged stormwater contributes to non-point source pollution, which remains a significant threat to water quality in New Mexico.

AMENDMENTS

None identified.