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FISCAL IMPACT REPORT

SPONSOR <u>Herrera/Cates/Gonzales/Abeyta/Lara</u>	LAST UPDATED _____
SHORT TITLE <u>Community Water System Assistance Project</u>	ORIGINAL DATE <u>2/25/2025</u>
	BILL NUMBER <u>House Bill 482</u>
	ANALYST <u>Davidson</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$900.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DFA		(\$258.5)	(\$255.7)		Recurring	General Fund

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Department of Finance Administration (DFA)
New Mexico Environment Department (NMED)

SUMMARY

Synopsis of House Bill 482

House Bill 482 (HB482) appropriates \$900 thousand from the general fund to Department of Finance Administration (DFA) for the implementation of the Community Water System Assistance Pilot Project. The bill defines the project as a three-year pilot to support statewide technical water system providers and directs DFA’s Local Government Division to administer the funds.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$900 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY28 shall revert to the general fund. Although HB482 does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

Analysis from DFA notes it will utilize up to \$258.5 thousand in FY26 and \$255.7 thousand in FY27 of the appropriation so the Local Government Division will be able to provide technical, financial, and managerial assistance to the participating community water and wastewater systems as well as hire additional staff to ensure implementation of the bill.

Analysis from the New Mexico Environment Department (NMED) notes the agency may need to divert administrative work and staff to ensure implementation of the bill as NMED will likely need to coordinate with DFA and the U.S. Environmental Protection Agency for the pilot project.

SIGNIFICANT ISSUES

NMED analysis notes any funds directed towards supporting the technical, financial, and managerial aspects of community water systems will ensure these systems, many who struggle due to limited resources, could improve by addressing operational weaknesses, creating long-term planning, and enhancing systems' ability to comply with state and federal regulations.

Analysis from DFA notes implementation of the funds, which within the current bill rests with DFA, may be better piloted and utilized by an agency such as NMED. NMED has both a Drinking Water Bureau and a Wastewater bureau; these entities could be better positioned to oversee the pilot project. NMED analysis echoes this, noting the department's Drinking Water Bureau and Wastewater Bureau already receive federal funding specified for work similar to that which bill is aiming to support.

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