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FISCAL IMPACT REPORT

SPONSOR Snyder DATE TYPED 2/11/04 HB _____

SHORT TITLE Sanitary Projects Funding & Associations SB 424

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			See Narrative		

SOURCES OF INFORMATION

LFC Files

Responses Received From
Environment Department (ED)

SUMMARY

Synopsis of Bill

Senate Bill 424 revises and updates the Sanitary Projects Act (NMSA 3-29-1 et seq.) by deleting language regarding the already defunct Sanitary Projects Fund and strengthening the accountability of associations formed under the Act.

Significant Issues

Over 200 mutual domestic associations have been formed under the Sanitary Projects Act. The ED has sole oversight authority over these organizations and this authority is clouded by archaic language tied to the sanitary project fund, which no longer exists.

Under the Safe Drinking Water Act, the ED's Drinking Water Bureau is responsible for developing the managerial, financial, and operational capacity of water systems. The most frequent complaints regarding these associations received by the ED concerns unfair or preferential practices, and poor or no financial accounting. The proposed revisions will strengthen the managerial and financial accountability of the associations.

ED believes the revisions to the Sanitary Projects Act to clarify and update archaic language are sorely needed. The revisions will clearly define associations as political subdivisions of the State.

The powers of a board of directors will be clarified to address problems encountered with setting and collecting service charges. The bill will permit ED to appoint a representative to oversee operations and allow for periodic reviews of the association.

Funds to operate the association must be derived from a rate setting analysis that includes a reserve fund for maintenance and future replacement of equipment. Elements that must be included in articles of incorporation will be expanded to include the definition and voting rights of members, and elements to be included in bylaws will be added.

A new section provides guidelines for associations to merge, thereby encouraging regionalization.

FISCAL IMPLICATIONS

The ED oversight of mutual domestic associations should produce more efficient accounting and more effective use of resources.

ADMINISTRATIVE IMPLICATIONS

The addition of a membership accountability report submitted to the ED will require additional staff time for tracking and review:

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