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FISCAL IMPACT REPORT

SPONSOR Griggs/Fajardo ORIGINAL DATE 1/31/17
LAST UPDATED _____ HB _____

SHORT TITLE Sanitary Project New Association Standards SB 233

ANALYST Armstrong

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			None			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

NM Environment Department (NMED)

Responses Not Received From

NM Association of Counties (NMAC)

NM Municipal League (NMML)

SUMMARY

Synopsis of Bill

Senate Bill 233 provides that a new mutual domestic water consumers association associations) shall not be formed under the Sanitary Projects Act (SPA) after July 1, 2017, unless the association will serve at least 15 connections or 25 people for at least six months of the year.

FISCAL IMPLICATIONS

None.

SIGNIFICANT ISSUES

According to NMED, SB233 ensures that water being served by associations receiving public monies is of sufficient quality and is monitored for compliance with all drinking water standards. Currently, associations may be formed under the SPA that do not meet the size threshold for public water system regulatory oversight, and the association is not required to monitor water quality or report to customers. Associations are eligible to receive public funds for acquisition,

construction, and improvement of water supply, reuse, storm drainage, and wastewater facilities in communities, and to operate and maintain such facilities for the public good. SB223 attempts to close this loop by ensuring that associations eligible to receive public funds for infrastructure improvements meet the regulatory threshold to monitor and report on the quality of water they produce and serve to protect public health and prevent unsanitary conditions.

However, NMED notes the proposed revisions apply to all associations rather than just those that acquire, construct, or improve water supplies. Associations that are formed for reuse, storm drainage, or wastewater purposes could be prevented from forming under SB233.

OTHER SUBSTANTIVE ISSUES

NMED analysis raises concern about the lack of a process to ensure the agency is aware of entities created under the SPA. Currently, entities must file a certificate of association and their bylaws with the Secretary of State, but they are often unaware that if they provide service they must also submit an application for construction or modification for a public water supply system to NMED. This application allows the department to assess the capacity of the association to ensure it is sufficient to properly manage, operate, and maintain a drinking water system. NMED can assist any public water system to address deficiencies and build capacity to a level at which it can become a public drinking water system prior to implementing a construction project which utilizes public funds. Establishing a process where NMED is informed of a certification filing with the office of the Secretary of State would allow NMED to be aware of newly formed entities and begin tracking them from inception and provide assistance and regulatory oversight to ensure successful operations.

JA/sb/al