

LFC Requester:	Davidson
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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: Feb 21, 2025 *Check all that apply:*
Bill Number: HB482 Original Correction
 Amendment Substitute

Sponsor: Herrera **Agency Name and Code** NMED-667
Short Title: COMMUNITY WATER SYSTEM ASSISTANCE PROJECT **Number:** _____
Person Writing Jonas Armstrong
Phone: (505) 670-9050 **Email** Jonas.armstrong2@en.v.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 482 (HB482) establishes a three-year Community Water and Wastewater System Assistance Pilot Project to support public community water and wastewater systems in New Mexico. The pilot project, administered by the Local Government Division of the Department of Finance and Administration, will provide technical, financial, and managerial assistance to help systems improve operations and sustainability. The bill appropriates \$900,000 from the general fund for fiscal years 2026 through 2028, with any unspent funds reverting to the general fund at the end of the pilot period. By offering targeted support, HB482 aims to strengthen community water and wastewater systems, ensuring they can better meet operational and regulatory challenges.

FISCAL IMPLICATIONS

The fiscal implication for the New Mexico Environment Department (NMED) involves potential costs and administrative efforts associated with coordinating the pilot project in underserved areas. While the project aims to maximize the impact of available funding, NMED may need to allocate staff time and resources to collaborate with the Department of Finance and Administration and the EPA. This could include conducting assessments, identifying priority areas, and ensuring efficient distribution of funds. If additional funding is not provided for these efforts, NMED may need to absorb costs within its existing budget, potentially affecting other program areas. However, successful coordination could lead to more efficient use of federal and state funds, reducing long-term financial burdens on the agency and improving the resilience of New Mexico's water and wastewater infrastructure.

SIGNIFICANT ISSUES

Any funding that supports technical, managerial, and financial (TMF) assistance for community water and wastewater systems can be beneficial, as many systems struggle with financial sustainability, operational management, and regulatory compliance, including fiscal requirements for infrastructure funding. Strengthening TMF capacity helps improve overall system performance and can reduce the risk of enforcement actions or service disruptions.

The New Mexico Environment Department's (NMED) Drinking Water Bureau (DWB) already provides TMF assistance through Drinking Water State Revolving Fund (DWSRF) set-asides, and the U.S. Environmental Protection Agency (EPA) offers similar technical assistance programs for water systems in need. In addition, the NMED Construction Programs Bureau (CPB) also provides TMF assistance through the Clean Water State Revolving Loan Fund (CWSRF) for wastewater systems. These programs already provide direct support for financial planning, asset management, and operational improvements.

Coordination between the Department of Finance and Administration, NMED, and EPA will help target funding where it is most needed and maximize its effectiveness in strengthening New

Mexico's water and wastewater systems.

PERFORMANCE IMPLICATIONS

Funding for TMF assistance under HB482 could help improve the management, operations, and regulatory compliance of community water and wastewater systems in New Mexico. Many small and under-resourced systems face challenges in maintaining financial stability, managing infrastructure, and meeting regulatory requirements. By providing targeted TMF support, the pilot project could help systems address operational weaknesses, improve long-term planning, and enhance their ability to comply with state and federal regulations, including fiscal requirements for infrastructure funding.

As community water and wastewater systems strengthen their management and compliance efforts, NMED's performance measures related to drinking water and wastewater system compliance rates, enforcement actions, and technical assistance effectiveness could see some improvement. A stronger foundation in TMF capacity could result in fewer violations, reduced enforcement interventions, and improved system sustainability, ultimately supporting public health, safe drinking water delivery, and protection of water resources.

ADMINISTRATIVE IMPLICATIONS

None identified.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB482 establishes a pilot project to provide TMF assistance to community water and wastewater systems. However, the NMED DWB already receives federal funding through the DWSRF set-asides to support community water systems with similar assistance. These set-asides are specifically allocated to enhance TMF capacity, ensuring that public water systems have access to technical guidance, financial planning support, and managerial oversight.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

One alternative to HB482 is to establish a coordination requirement between the Department of Finance and Administration (DFA), the New Mexico Environment Department (NMED) to ensure that funding is directed toward water systems that are not already receiving similar TMF assistance. This would help prioritize communities with the greatest need while preventing duplication of effort with existing federal and state programs.

By aligning state funding with existing TMF assistance programs, rather than creating a separate initiative, the state can maximize the impact of available resources, avoid inefficiencies, and expand support to more community water and wastewater systems. Strengthening coordination among agencies would allow funding to be targeted toward gaps in existing assistance programs, ensuring that investments effectively enhance water system sustainability and compliance.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB482 is not enacted, community water and wastewater systems that struggle with technical,

managerial, and financial (TMF) challenges may continue to operate without additional state-funded support. Many small and under-resourced systems already face difficulties in maintaining financial stability, managing infrastructure, and complying with state and federal regulations. Without the assistance proposed in this bill, these systems may continue to experience operational inefficiencies, compliance violations, or increased risk of enforcement actions.

AMENDMENTS