

LFC Requester:

Julisa Rodriguez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

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

Date Prepared: February 23, 2025

Check all that apply:

Bill Number: HB539

Original X Correction
Amendment Substitute

Sponsor: Rep. Raymundo Lara

Agency Name and Code Number: 305 - New Mexico Department of Justice

Short Title: CAMINO REAL REGIONAL UTILITY AUTHORITY

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Table with columns: Appropriation (FY25, FY26), Recurring or Nonrecurring, Fund Affected

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Table with columns: Estimated Revenue (FY25, FY26, FY27), Recurring or Nonrecurring, Fund Affected

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurr ing	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

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis:

Section 1 proposes to create the Camino Real Regional Utility Authority to replace an entity created by a joint powers agreement between the city of Sunland Park and Dona Ana county, into a state chartered Special District (the “Authority”) whose primary responsibility would be to “set policy and regulate, supervise and administer the provision of water and wastewater within the authority's service area, including the determination and imposition of rates for services.” The new Authority would inherit all the currently existing entity’s assets and liabilities. The Authority would be a “public body politic and corporate,” existing as an independent special district and political subdivision of the state. It would have the authority to issue “utility system revenue bonds” or other obligations, exempt from state and local taxation, upon an affirmative vote “of a majority of all members of the board of directors of the authority.”

Section 2 outlines the powers, privileges and duties vested in or imposed upon the Authority.

Section 3 specifies that Camino Real regional utility authority is a public body politic and corporate, separate and apart from the city of Sunland Park and Dona Ana County and is not subject to the jurisdiction of or approval from the public regulation commission and is not subject to the provisions of the Public Utility Act. **Section 3** also establishes the rights and duties of the Authority.

A Board of Directors would lead the new Authority. That Board would consist of “seven elected members who are water consumers who reside within the geographical boundaries of the authority's service area.”

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

Although **Section 2(A)(4)** contains language to the effect that “the board may retain or appoint a panel of water, wastewater or engineering experts to make recommendations to the board regarding the approval of proposed projects, as well as increases to residential, commercial and industrial water rates,” it still does not set forth a required procedure for the Authority to follow when raising or adjusting rates for services. Unlike a water and sanitation district, which must provide an administrative hearing on the matter of rate adjustments if the district is not subject to the jurisdiction of the Public Regulation Commission, the Authority would not be required by statute to conduct a hearing prior to raising or adjusting rates for services. Rate adjustments must contain due process protections.

HB 539 does not describe the boundaries of the new Authority’s service area or provide an ongoing obligation to serve. Rather, **Section 3(B)** states that the Authority “shall provide water and wastewater services within the entity's service area, as it may be modified or expanded by the authority.”

HB 539 does not allow ratepayers to elect to bring the Authority under the jurisdiction of the Public Regulation Commission at some point in the future.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

AMENDMENTS

None