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FISCAL IMPACT REPORT

ORIGINAL DATE 02/09/13
 LAST UPDATED 03/01/13 HB CS/415/HFIS

SPONSOR HF1

SHORT TITLE Public Water Supply Contaminant Testing SB

ANALYST McCoy

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
See Narrative	See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

The House Floor substitute for the House Energy and Natural Resources Committee substitute for House Bill 415 (HB 415) amends Section 74-1-13 of the Environmental Improvement Act to broaden the authorized uses of the Water Conservation Fund, require the New Mexico Environment Department (NMED) to conduct rulemaking to develop procedures to compile a list of contaminants that will be tested and paid for by the Water Conservation Fund and to periodically determine whether additional contaminants should be added to that list. The NMED's determination whether to add contaminants to the list shall include consideration of the availability of funds in the Water Conservation Fund, the needs of public water supplies being tested for additional contaminants, public health and safety, and other factors as determined by the NMED.

FISCAL IMPLICATIONS

Since the House Floor substitute for the House Energy and Natural Resources Committee substitute for House Bill 415 broadens the list of contaminants tested and paid for by the Water Conservation Fund it authorizes more spending from the Water Conservation Fund; however, the bill enables the NMED to limit the additional contaminants tested and paid for by the Water

Conservation Fund based on the availability of funds in the Water Conservation Fund, among other things. As a result, the NMED can limit the fiscal impact of the expansion of the list of substances for which the Water Conservation Fund would test.

The NMED notes, the agency will incur additional costs for rulemaking, including transcription costs and publication and the costs of staff time for public outreach and travel costs around the state associated with public meetings to take public input. The House Floor substitute deleted the language which allowed this incremental cost to be taken from the Water Conservation Fund. No other source of this funding has been identified or authorized.

The House Floor substitute for the House Energy and Natural Resources Committee substitute for House Bill 415 does not increase the existing water conservation fee, set in statute at three cents (\$0.03) per thousand gallons of water produced, which funds the water conservation fund. The recurring revenue to the water conservation fund is approximately \$2.5 million. Annually, the NMED expends \$650,000 from the water conservation fund for personnel services and benefits and \$1.8 million to pay for the laboratory costs for the required testing under the federal Safe Drinking Water Act (SDWA). In FY12, staff participated in the water quality monitoring sample collection and/or analyses for almost 32,000 microbiological samples and over 6,300 chemical samples.

SIGNIFICANT ISSUES

The NMED notes, the only significant issue is the lack of an identified source of funding for the cost of rulemaking, as explained in the Fiscal Implication section above.

ADMINISTRATIVE IMPLICATIONS

The NMED notes, there will be an additional administrative burden to develop the rules establishing the procedures for compiling the list and determining which contaminants will be tested. There will also be administrative burden associated with updating the list annually.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If the bill is not enacted, testing of primary contaminants will continue to be paid for by the Water Conservation Fund, but testing of unregulated contaminants will not be paid by the Water Conservation Fund. According to the NMED, the required testing of unregulated contaminants has been burdensome to New Mexico's larger water systems and they would be required to continue paying for that testing.

MTM/svb:blm