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FISCAL IMPACT REPORT

SPONSOR: Garcia DATE TYPED: 02/05/03 HB _____
 SHORT TITLE: Utility Service Areas SB 50/aSCONC
 ANALYST: L. Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
NFI					

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act
 Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of SCONC Amendment

The Senate Conservation Committee amendment to Senate Bill 50 expands the definition of “association” to exclude licensed or certified septic tank, liquid waste or on-site wastewater system installers, operators, maintenance providers or pumpers as members of an association.

Synopsis of Original Bill

Senate Bill 50 prohibits encroachment by a political subdivision, franchise or an extension of service or the offer of services by another utility in an area served by a community water and sewer association during the period an association is indebted to a state agency or instrumentality, including the New Mexico Finance Authority (NMFA). If encroachment should occur, an association may bring an action in the district court of the county in which the area served by the association is located.

Significant Issues

NMFA makes loans to such associations secured solely by a security interest in the association’s net system revenues. Competition by other utility providers in these service areas may result in a decrease in net revenues securing NMFA loans and may necessitate the restructuring of a loan.

Senate Bill 50 may curtail competition in service areas and may protect poor performing utilities to continue service because of their indebtedness to the state or governmental instrumentality.

FISCAL IMPLICATIONS

Increased competition may result in decreased revenues, thereby impairing NMFA loans.

LMK/prr