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FISCAL IMPACT REPORT

| | | | |
|--|-------------------------------|----------------|-----------------|
| | ORIGINAL DATE 1-24-06 | | |
| SPONSOR <u>Ingle</u> | LAST UPDATED _____ | HB | _____ |
| | PORTALES WASTEWATER TREATMENT | | |
| SHORT TITLE <u>SLUDGE CLEANUP</u> | | SB | <u>63</u> |
| | | ANALYST | <u>Hadwiger</u> |

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY06 | FY07 | | |
| | \$250.0 | Non-Rec | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Environment (NMED)

SUMMARY

Synopsis of Bill

Senate Bill 63 appropriates \$250 thousand from the general fund to the Local Government Division of the Department of Finance and Administration in FY07 to remove and dispose of sludge from the City of Portales wastewater treatment plant.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 would revert to the general fund. The appropriation is classified as non-recurring in anticipation that there is a one-time need for this project. If the sponsor intends this to be an ongoing subsidy for the Portales wastewater treatment plant, the appropriation would be properly classified as recurring.

SIGNIFICANT ISSUES

NMED noted that sludge removal and disposal is a regular part of operation of a wastewater treatment facility and the need is predictable. As part of the normal operation and maintenance of a wastewater facility, the City of Portales should budget for such expenses rather than rely on state funding. State funds have traditionally been used for capital improvements, not operation

and maintenance. NMED suggested that the state should encourage local governments to establish revenue streams that support normal operation and maintenance costs without relying on state assistance.

ADMINISTRATIVE IMPLICATIONS

NMED is the agency with the most extensive expertise in this area, as well as most frequent contact with local water and wastewater agencies. That agency indicates it would be preferable to appropriate funds to NMED for purposes such as this rather than to DFA.

DH/nt