

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/13  
 LAST UPDATED 02/18/13 HB \_\_\_\_\_

SPONSOR SFL \_\_\_\_\_

SHORT TITLE City Water Storage Tank Contractors SB 93/SFIS

ANALYST Smith \_\_\_\_\_

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15	FY16	FY17		
NFI						

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Municipal League (NMML)

### SUMMARY

#### Synopsis of Bill

The Senate Floor substitute for Senate Bill 93 enacts a new section of the municipal code to allow a municipality to contract for water storage tank maintenance through direct negotiations or by request for proposals. The work must be reviewed by a professional engineer. It also specifies that in the case of federally non-compliant infrastructure, the costs must be spread out over three years.

**Effective Date:** July 1, 2013

### FISCAL IMPLICATIONS

The bill has no fiscal impact; however, municipalities may have cost savings by using multi-year contracts.

### SIGNIFICANT ISSUES

The three year provision placed in the substitute is likely in response to a specific municipal need. However, business cannot carry costs with incurring interest expense which they

necessarily pass on to their clients. It is probably best to remove this provision as a mandate for future projects.

Current law does not allow municipalities to procure and enter into multi-year agreements for water tank maintenance. Allowing a municipality to enter into a multi-year agreement would allow for a more comprehensive and consistent maintenance system with one contractor being responsible for maintenance rather than multiple contractors for specific tasks. Currently 41 states now allow municipalities to enter into multi-year professional services agreements for tank maintenance.

The NMML supports this legislation and has adopted Resolution 2012-9 in support.

SS/svb:blm