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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/28/17

SPONSOR Sharer LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Appointed Three-Member PRC, CA SJR 16

ANALYST Martinez

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$(455.3)	\$(455.3)	\$(910.6)	Recurring	Public Regulation Commission Operating Fund
		\$50.0-\$100.0	\$0.0	\$50.0-\$100.0	Nonrecurring	Secretary of State Election Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Committee (PRC)

### SUMMARY

#### Synopsis of Bill

The Public Regulation Commission (PRC) has constitutional responsibility for regulating public utilities, including electric, natural gas and water companies; transportation companies, including common and contract carriers; transmission and pipeline companies, including telephone, telegraph and information transmission companies; and other public service companies in such manner as the legislature shall provide. N.M. Const. Art XI, § 2. As presently constituted, the PRC is composed of 5 members elected by district.

SJR16 calls for a constitutional amendment to replace the 5-member elected PRC with a 3-member appointed PRC. The members would be appointed by the governor with the advice and consent of the senate. Districts will initially be the same as the state's congressional districts, with districts "as provided by law" thereafter.

## **Senate Joint Resolution 16 – Page 2**

SJR16 adds the requirement that no more than two commissions may be members of the same political party at the time of their appointment.

As is currently the case, under SJR16, commissioners would serve four-year terms. Under SJR16, the terms would be staggered such that two of the first three commissioners would serve two-year terms and the third would serve a four-year term.

SJR16 would add the statement “Commissioners are state officers” to the constitution. The term “state officer” is used in a number of other statutes, and SJR016 may clarify or even expand the application of such statutes to commissioners. However, some such statutes already clearly include commissioners, whether under a broad definition of “state officer,” such as in the Gift Act (NMSA 1978, § 10-16B-2.E), or by expressly including a broad range of state personnel within the statutory ambit.

SJR16 would change the current constitutional prohibition that “No commissioner or candidate for the commission shall accept anything of value from a person or entity whose charges for services to the public are regulated by the commission.” See N.M. Const. Art XI, § 1. Under SJR16, this prohibition would apply only to members of the commission, not to candidates for the commission.

SJR16 would retain the continuing education requirements for commissioners, to be determined by the legislature, as in the current constitutional provision. See N.M. Const. Art XI, § 1. However, references to “increased” qualifications, as provided by the 2012 amendment to the constitution, would be removed.

### **FISCAL IMPLICATIONS**

SJR16 carries no appropriation.

Potential costs include the cost of a referendum or placement on a general election ballot. Fairly minimal costs might arise from administrative changes to the PRC that might result from adoption of SJR16.

Currently, the costs of 5 commissioners to the PRC’s operating budget is approximately \$630 thousand. The cost of the 5 commissioners’ executive assistants is approximately \$500 thousand. The 5 commissioners and their assistants total operating cost is approximately \$1.1 million.

SJR16 would reduce the amount of commissioners to 3. This would be an operating cost of approximately \$378 thousand. With two less commissioners, it is assumed that the 5 executive assistants would also be reduced to 3. This would be an operating cost of approximately \$305 thousand.

Overall, by reducing the commissioners’ and the executive assistants to 3, the PRC will see a savings of approximately \$455 thousand in general fund to the Public Regulation Commission Operating Fund. The PRC is currently facing significant financial burdens for personal services and employee’s benefits, this savings could be redistributed to hire critical positions such as a state fire marshal, lawyers, engineers, and or a public utilities economist, etc.

### **Senate Joint Resolution 16 – Page 3**

Section 1-16-13 NMSA 1978 the Secretary of State (SOS) to print the full text of each proposed constitutional amendment, in both Spanish and English, in an amount equal to 10 percent of the registered voters in the state. The SOS is also constitutionally required to publish the full text of each proposed constitutional amendment once a week for four weeks preceding the election in newspapers in every county in the state. LFC staff estimate each constitutional amendment may cost from fifty thousand dollars to one hundred thousand dollars (\$50,000-\$100,000) in printing and advertising costs based on 2016 actual expenditures.

### **SIGNIFICANT ISSUES**

The Public Regulation Commission Act, at NMSA 1978, § 8-8-1 et seq. (2013), would need to be amended to conform to those portions of SJR016 that differ from the current constitutional provision.

JM/sb