NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: At	agon	DATE TYPED:	03/08/03	HB	
SHORT TITLE: _ Albuquerque Water & Wastewater Take		over	SB	793	
	ANALYS		ST:	Kehoe	

APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Local Government Division (LGD) New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

Senate Bill 793 would allow Bernalillo County to take over the Albuquerque water and wastewater utility.

Significant Issues

Senate Bill 793 would allow Bernalillo County, without an election, to take over the operation and maintenance of the Albuquerque municipal water and wastewater utility owned by the City of Albuquerque. The bill provides that when the board of county commissioners of Bernalillo County passes an ordinance for the provision of a countywide water and wastewater utility, Albuquerque must transfer all real and personal property pertaining to the Albuquerque water and wastewater utility to the county. Subsection C of the bill contains non-impairment language protecting the rights of any bondholders of outstanding bonds of the utility and provides that all contractual obligations for the utility will be binding on Bernalillo County.

FISCAL IMPLICATIONS

The New Mexico Finance Authority has two outstanding loans with the City of Albuquerque totaling \$2.9 million and a binding commitment to make another loan for \$3 million. The three loans are secured solely by a security interest in the water and wastewater utility's net system

Senate Bill 793 -- Page 2

revenues. According to NMFA, a change of borrower may negatively impact the net system revenues and impair the Authority's security in the loans.

TECHNICAL ISSUES

According to NMFA, the non-impairment language contained in Senate Bill 793 needs strengthening and clarification making it clear that Bernalillo County would be required to take on the debt of the utility.

OTHER SUBSTANTIVE ISSUES

The City of Albuquerque utility, according to city contacts, is worth some \$5 billion. The city indicates it has a reasonable dollar amount of bonds outstanding, does not have an extreme amount of debt, and is not in fiscal trouble.

POSSIBLE QUESTIONS

1. Water rights are valuable and essential to controlling the impact of water on the future of both the City of Albuquerque and Bernalillo County. Water right are considered real property, would they too transfer from the city to the county?

LMK/sb