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FISCAL IMPACT REPORT

ORIGINAL DATE 02-1-08

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE San Ysidro Water Association Loan Payment SB 500

ANALYST Aubel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$100.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)

New Mexico Environment Department (NMED)

SUMMARY

Synopsis of Bill

Senate Bill 500 appropriates \$100.0 thousand from the general fund to the Department of Environment for the purpose of repaying the State Board of Finance for the emergency loan made to the North San Ysidro Mutual Domestic Water Consumers Association.

FISCAL IMPLICATIONS

The appropriation of \$100.0 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

SIGNIFICANT ISSUES

The New Mexico Finance Authority (NMFA) reports that in 2006 the San Ysidro Mutual Domestic Water Consumers Association requested an emergency loan to fix the existing well and water pump so that the community could have drinking water. NMFA maintains that due to unforeseen circumstances beyond the control of San Ysidro Mutual Domestic Water Consumers Association, a new well needed to be drilled.

NMFA maintains that the original capital outlay request was incorrectly described for repayment to the Environment Department.

TECHNICAL ISSUES

NMED notes that the loan resides with the Board of Finance, which is within the Department of Finance and Administration (DFA). The department suggests that time and effort will be saved by appropriating the money directly to the DFA, eliminating the extra budgeting and transfer steps.

OTHER SUBSTANTIVE ISSUES

The NMED Construction Program Bureau reports that the San Ysidro residential and commercial connections total 92 as of August 1, 2007. The 6000 gallon water rate per month is \$50.00, which is the highest in the state where the average is \$20.68.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

San Ysidro Mutual Domestic Water Consumers Association would be required to repay the loan to the State Board of Finance. With a limited customer base and little upward room for rate increases, this would most likely prove a hardship for the community. No other funding sources were identified by the responding agencies.

AMENDMENTS:

On line 18, strike “department of environment” and replace with “department of finance and administration.”

MA/nt