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FISCAL IMPACT REPORT

SPONSOR <u> SCONC </u>	ORIGINAL DATE 03/03/11		LAST UPDATED 03/07/11	HB _____
SHORT TITLE <u> Water Utilities Payments In Advance </u>			SB <u> 496/SCONCS </u>	
			ANALYST <u> Aubel </u>	

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
Utility Service Collections	Indeterminate	Indeterminate	Recurring	Entities created pursuant to Section 72-1-10 NMSA 1978

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB 478/HJCS

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA) (for original duplicate House Bill 478)

SUMMARY

Synopsis of Bill

The Senate Conservation Committee Substitute for Senate Bill 496 amends Section 3-23-1 NMSA 1978 of the Municipal Code to give an entity established pursuant to Section 72-1-10 NMSA 1978 the authority to require a reasonable payment in advance or deposit for utility services. This bill also adds these entities to provisions that cover charges for utility charges, including providing for a lien upon the tract or parcel of land being served for nonpayment. DFA specifies that the bill would apply to the Albuquerque-Bernalillo County Water Utility, which is a political subdivision of the state created under Section 72-1-10 NMSA 1978.

FISCAL IMPLICATIONS

Presumably the bill would improve collections for utility services by a political subdivisions created under Section 72-1-10 NMSA 1978.

SIGNIFICANT ISSUES

DFA points out “adding the Albuquerque–Bernalillo County Water Utility Authority to the provisions of Section 3-23-1 NMSA 1978 affords the Authority the same privileges that municipal-owned utility operations currently possess to require a reasonable advance payment or deposit in order to assist with enforcing payment of utility charges.”

DFA also suggests “having a mechanism for improving the percentage of utility charges collected will allow the Albuquerque–Bernalillo County Water Utility Authority to have additional revenue to maintain and improve its utility operations.”

Adding entities established pursuant to Section 72-1-10 NMSA to the provisions covering charges for services in Section 3-23-6 NMSA 1978 completes the cycle, from advance payment to the remedy for nonpayment through the charge constituting a lien subject to enforcement.

ADMINISTRATIVE IMPLICATIONS

DFA assumes “the provisions of HB 478 may impose additional billing and accounting requirements on the Albuquerque–Bernalillo County Water Utility Authority; however, improving the collection of accounts receivable will outweigh any administrative costs.”

TECHNICAL

Section 3-23-6 NMSA 1978 (A), which covers charges for utility service, has been updated to include “an entity established to Section 72-1-10 NMSA 1978.” The same updating of language is missing in Section B, which still only specifies that in the case where any proceedings are required to enforce the lien, it shall be sufficient to declare generally for the municipal utility service (emphasis added). Although the Section A might be interpreted as including the new Section 72-1-10 NMSA 1978 entities as a municipal entity, for clarity and consistency, this section could also be updated to include “or service provided by an entity established to Section 72-1-10 NMSA 1978.”

DUPLICATION

Senate Bill 496/SCONCS duplicates House Bill 478/HJCS.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Political subdivisions created under Section 72-1-10 NMSA 1978, including Albuquerque–Bernalillo County Water Utility Authority, will remain ineligible to require a reasonable payment in advance or deposit for utility service. Such political subdivisions would also remain excluded from having charges constitute a lien against the tract or parcel of land being served.

MA/mew:svb