

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 and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/22/19
SPONSOR Cisneros **LAST UPDATED** _____ **HB** _____

SHORT TITLE Liquid Waste Funds Changes **SB** 607

ANALYST Hanika-Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$2,800.0	Recurring	Liquid Waste Disposal System Assistance Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate	Indeterminate			Liquid Waste Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Attorney General (NMAG)

New Mexico Environment Department (NMED)

SUMMARY

Synopsis of Bill

Senate Bill 607 proposes to amend Section 74-1-15 and 74-1-15.1 NMSA 1978 by removing the cap on transfers from the Liquid Waste Fund to the Liquid Waste Disposal Assistance Fund.

Senate Bill 607 also allows the Liquid Waste Disposal Assistance Fund to receive “donations” in addition to appropriations and earned income already provided. Finally, the bill appropriates \$2.8 million in FY20 and subsequent fiscal years to help indigent persons replace substandard liquid waste disposal systems in order to prevent negative impacts to public health or water quality.

FISCAL IMPLICATIONS

NMED relies on the Liquid Waste Fund to supplement operating revenue from the general fund.

Under state law, there exists a Liquid Waste Fund, Section 74-1-15 NMSA 1978, and a Liquid Waste Disposal System Assistance Fund, Section 74-1-15.1 NMSA 1978, (Assistance Fund). The Assistance Fund is administered solely by NMED. Unexpended money in the Liquid Waste Fund, not to exceed \$200 thousand, may be transferred to the Assistance Fund. SB 607 would strike the language limiting such transfers to \$200 thousand from both statutory sections. There would thus be no limit on the amount of unexpended money that could be transferred to the Assistance Fund.

The Liquid Waste Fund is created from permit fees associated with the installation and modification of liquid waste disposal systems. Money in the fund is appropriated by NMED for administration costs of its Liquid Waste Program. If all the unexpended money is transferred from the Assistance Fund, NMED may not be able to properly budget for future operational expenses which could affect budgeting for necessary staffing and important operational costs such as training and equipment.

SIGNIFICANT ISSUES

The NMAG noted the appropriation is “to provide for assistance to indigent persons *to replace* substandard liquid waste disposal systems.” This could be read to restrict the purposes otherwise applicable to the fund, which include actions other than replacement of systems, such as decommissioning and the removal of cesspools and payment of sewer connection fees, etc.

ADMINISTRATIVE IMPLICATIONS

NMED reported it would expend staff and resources to administer the appropriation.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Indigent families may not receive financial assistance to remedy any negative impacts to public health or the environment caused by on-site liquid waste systems.

QUESTIONS

How is NMED currently administering the assistance fund? How do indigent households hear about the assistance available, and what is needed to qualify for funding?

AHO/al