

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR Pettigrew/Townsend/Hembree/Ezzell LAST UPDATED _____
ORIGINAL DATE 1/23/2024
BILL
SHORT TITLE Admin Rule Oversight Interim Committee NUMBER House Bill 124
ANALYST Hanika-Ortiz

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$2,000.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

SUMMARY

Synopsis of House Bill 124

House Bill 124 appropriates \$2 million from the general fund to the Legislative Council Service (LCS) to create an interim administrative rule oversight committee to review executive agency proposed rules. The bill also amends and adds a new section to the State Rules Act to require a fiscal impact statement, particularly if an agency anticipates that a proposed rule's implementation cost may be greater than \$1 million.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund. Although this bill does not specify future appropriations, costs for staff and other expenses related to establishing a new interim committee are likely recurring. Therefore, allowing the appropriation in the bill to not revert and be available for future fiscal years may be advantageous.

Lawmakers are eligible for a per diem of \$150 per day, in addition to state pension benefits.

House Bill 1 (the feed bill) appropriates \$41 million from the general fund and cash balances for

legislative session expenses and to various legislative agencies for interim expenses, including FY25 operating budgets of the Legislative Council Service, Legislative Finance Committee, Legislative Education Study Committee, and House and Senate chief clerk offices.

SIGNIFICANT ISSUES

HB124 adds four new sections to Chapter 2 NMSA 1978 relating to legislative affairs.

The first new section creates an interim administrative rule oversight committee and provides for its membership, leadership, appointment terms, and meeting frequency.

The second new section provides for duties and powers that include reviewing rules proposed by an executive agency, committee staff analysis of those rules including fiscal impacts prior to the public rule hearing (except when the Legislature is in session,) and makes recommendations on those proposed rules, including for changes to the authorizing statutes of those proposed rules.

The third new section requires LCS to hire no more than four committee staff members.

The fourth new section requires committee staff to develop a written analysis of the proposed rule that includes its relation to the authorizing statute, the necessity of the proposed rule, and its fiscal impact on state agencies and other stakeholders in addition to the impact on existing federal and state laws. This new section also requires the committee staff to submit the committee's approved recommendations in writing to the proposing agency for the public comment period.

HB124 also amends and adds a new section to Section 14-4-5.2 NMSA 1978 of the State Rules Act to require, in addition to the other requirements for agencies related to public notice of proposed rulemaking, the agency to include a fiscal impact statement if the agency estimates that the implementation cost of a proposed rule will be greater than \$1 million. Finally, the new section puts forth the requirements for the fiscal impact statement including whether the rule amounts to a mandate on counties and municipalities and, if so, whether that mandate is funded or unfunded.

PERFORMANCE IMPLICATIONS

LCS will be required to provide committee staff and otherwise support the new committee, as it currently does for the other interim committees, of which there are currently 22.

OTHER SUBSTANTIVE ISSUES

It may not be clear to some if the new committee will only review an agency's proposed new rules, or review proposed changes to existing rules, as well, which would require more committee time.

ALTERNATIVES

The 2024 operating budget for the 2024 Legislative Session included \$2.5 million for a feasibility study on district staff offices and operations, which presumably includes how other

legislatures are modernizing. The Legislature may want to postpone this effort until that study is completed.

AHO/rl/ne/al