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## FISCAL IMPACT REPORT

SPONSOR HLELC ORIGINAL DATE 2/27/17  
LAST UPDATED \_\_\_\_\_ HB 205/HLELCS  
SHORT TITLE Vacant Rural Building Act SB \_\_\_\_\_  
ANALYST Martinez

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NFI	NFI	NFI	NFI	NFI	NFI

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

N/A

### SUMMARY

#### Synopsis of Bill

HB 205 proposes to enact the Vacant Rural Building Act (“Act”) in order to establish a way for small businesses (50 or fewer employees) in rural communities (with a population less than 50,000) to seek certification and a variance to occupy vacant commercial buildings in rural communities. HB205 states that the construction industries commission in the regulation and licensing department or the governing body of a rural municipality will be the oversight commission and will adopt the following rules.

1. Provide a procedure to grant a variance from strict compliance with building code requirements for existing buildings if the compliance has no impact on the safe use and occupancy of a vacant commercial building, if the strict compliance with code requirements is impossible, impractical or infeasible, including consideration for the financial cost of strict compliance.
2. Requires a property owner or small business to remedy only those conditions in the vacant building in a rural municipality to remedy only those conditions in the vacant building that are determined by a state or local code official to be unsafe.
3. Provides certification for the small business establishing that the business in a rural municipality qualifies for and is subject to the rules adopted in the vacant Rural Building Act.

HB205 states that the Regulation and Licensing Department (RLD) or the governing body of a rural municipality and the certified building official of the rural municipality shall consider the standards and compliance requirements applicable to the historic buildings as a model for compliance requirements applicable to the occupancy of a vacant commercial building. HB205 also states that RLD or the governing body of a rural municipality make efforts to reduce costs for small businesses in bringing vacant commercial buildings up to code.

### **FISCAL IMPLICATIONS**

The Regulation and Licensing Department will be able to perform duties specified within HB205 with current staff in the construction industries commission. However, additional review of compliance and development of the Vacant Rural Building Act will create an increase in workload for the commission.

### **SIGNIFICANT ISSUES**

DCA currently addresses the issue of vacant rural buildings through its administration of the Certified Local Government program. Historic Preservation Division (HPD) staff works with local communities interested in establishing historic preservation laws at the local level, as well as with communities with already established historic preservation programs. Municipalities currently have the authority to adopt regulations and restrictions to protect historical areas and landmarks, as in NMSA Section 3-22-1 to -6. The Department of Cultural Affairs states it is a significant issue that a member of the historic preservation field is not represented on this commission. See NMSA 1978, Section 60-13-6.

The Act does not state what the rules are for obtaining a variance to existing rules and regulations; nor does it outline the process for obtaining a variance; nor identify the requirements for certification. However, it puts this responsibility on the construction industries commission in the regulation and licensing department or the governing body of a rural municipality. This is vague on who will initiate the process, which could result in additional steps required for small businesses to take to obtain variances.

JM/jle