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FISCAL IMPACT REPORT

SPONSOR HBIC ORIGINAL DATE 3/15/17
 LAST UPDATED _____ HB 295/HBICS

SHORT TITLE Licensing Board Membership and Sunsets SB _____

ANALYST Armstrong

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

Board of Examiners for Architects

SUMMARY

Synopsis of Bill

The House Business and Industry Committee Substitute for House Bill 295 (HB295) extends sunset dates, from 2017 to 2023, for the New Mexico Athletic Commission, the Board of Acupuncture and Oriental Medicine, the Board of Examiners for Architects, the Board of Licensure for Professional Engineers and Professional Surveyors, the Private Investigations Advisory Board, the Public Accountancy Board, the Real Estate Appraisers Board, the Board of Funeral Services, and the Interior Design Board. The bill also increases the maximum civil penalty boards may assess for unlicensed practice from \$1,000 to \$2,000 and clarifies in some statutes that penalties are deposited in the current school fund as required by the New Mexico Constitution. The bill adjusts the composition of the Private Investigations Advisory Board, replacing one of the two current members that must be a licensed investigator. Finally, HB295 requires that one of six architect members of the Board of Examiners for Architects must be employed by a public entity, replacing the current requirement that one architect member must represent architectural education in an accredited college of architecture.

FISCAL IMPLICATIONS

There are no identified fiscal implications.

SIGNIFICANT ISSUES

In September 2016, the Legislative Finance Committee’s (LFC) Sunrise/Sunset Subcommittee reviewed presentations from board, commission, and council staff regarding various entities statutorily set for sunset or termination in FY18. The subcommittee adopted staff recommendations to extend sunsets for all except the Board of Interior Design due to a low level of activity and RLD testifying in favor of allowing the board to sunset. HB295 extends the board’s sunset date to 2023.

RLD also reported that the current maximum penalties for practicing without a license do not provide sufficient deterrence, and the subcommittee adopted recommendations to increase the maximum penalties from \$1,000 to \$2,000.

In addition to the bill’s change of the composition of the Private Investigations Advisory Board, the Sunrise/Sunset Subcommittee adopted staff recommendations to replace licensed members of the Board of Examiners for Architects and the Board of Licensure for Professional Engineers and Professional Surveyors based on the Texas Sunset Occupational Licensing (TSOL) model – nationally recognized as a best practice for licensing boards. According to TSOL standards, one-third of a board should be comprised of public members to balance the need for expertise, generally provided by professional members, and the dispassionate judgment provided by public members. RLD analysis notes that while adding a public member on a board to replace a professional member could increase consumer and citizen oversight of the regulated industry, it could also cause quorum issues. Over several decades, public seats on boards and commissions have been the most difficult to fill, and often go unfilled.

Regarding adding a second public member, the Board of Examiners of Architects provided the following:

The technical nature of the profession is very comprehensive and requires knowledgeable board members who know and understand the complexity of practicing architecture in order to protect life, safety, and welfare. In addition, it took a very long time to find an interested, committed and qualified candidate to fill the current public member position.

JA/al