

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 Baca/Armstrong/Ezzell/Allison/Lara LAST UPDATED _____
ORIGINAL DATE 2/15/2023
BILL _____
SHORT TITLE Termination of Franchises NUMBER House Bill 398
ANALYST Dick-Peddie

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			
Total						

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent version of this legislation.

Duplicates Senate Bill 313

Sources of Information

LFC Files

Responses Received From

New Mexico Attorney General (NMAG)
Mortgage Finance Authority (MFA)
Regulation and Licensing Department (RLD)

No Response Received

Administrative Office of the Courts

SUMMARY

Synopsis of House Bill 398

House Bill 398 amends the Franchise Termination Act. The bill changes definitions, adds definitions, adds a new requirement of a notice of termination of a franchise that is required to state the good cause for termination and a right to cure, and adds provisions for choice of law and right of recovery of attorney's fees. The bill creates a new section to clarify the act is supplemental to contract rights and an additional section to allow a dealer to recover attorneys' fees if the supplier is in violation of the act. Lastly, the act would apply to all current contracts with no expiration dates and all future contracts.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023,

(90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The bill does not have a fiscal impact to the state.

SIGNIFICANT ISSUES

The Administrative Office of the Courts did not submit an agency analysis on potential costs to the courts should civil filings from franchise terminations increase under this legislation.

ADP/hg/mg