

LFC Requester:

Felix Chavez

AGENCY BILL ANALYSIS
2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment
Correction Substitute

Date 1-17-2025

Bill No: HB 100

Sponsor: Rep. Janelle Anyanonu
Short Title: Attorneys and Contractors as Property Managers

Agency Name and Code Number: Regulation and Licensing Department - 420

Person Writing: Jen Rodriguez
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	(Unknown*)	(Unknown*)	Recurring	Real Estate Commission Fund

(Parenthesis () Indicate Revenue Decreases)

* See Fiscal Implications section (below).

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 100 (HB100)

HB100 would expand the exceptions to the Real Estate Brokers and Salesman Act (Act), Sections 61-29-1 through 29 NMSA 1978. Section 61-29-2(C) NMSA 1978 would be amended to allow contractors licensed under the Construction Industries Licensing Act (“contractors”) and attorneys to act as property managers without obtaining a license through the Real Estate Commission.

The effective date of the legislation is June 20, 2025.

FISCAL IMPLICATIONS

It is anticipated that the creation of the two (2) new exemptions to licensure requirements for property managers would result in at least a marginal loss of revenue for the Real Estate Commission Fund. Attorneys and contractors who are currently, or may in the future seek to become, property managers would no longer be required to pay for an initial license or pay for license renewals of their qualified broker or associate broker licenses in order to provide property management services.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

The Real Estate Commission, with administrative assistance from the Regulation and Licensing Department (RLD), would be required to conduct an administrative rulemaking process in order to amend and update Rule 16.61.24 NMAC, Property Management, in compliance with the terms of HB100.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Please see concerns expressed by members of the Real Estate Commission in the “Other Substantive Issues” section (below) related to potential jurisdictional confusion concerning attorneys and contractors who may perform property management services if HB100 is enacted.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

When preparing this Fiscal Impact Response, the RLD contacted the Real Estate Commission, which is administratively attached to the RLD, to give Commission members an opportunity to provide input regarding HB100. The following concerns about HB100 were raised by a member(s) of the Real Estate Commission:

1. **Regulatory Gaps:** By exempting attorneys and contractors from property management oversight, this creates a regulatory gap where these individuals are not held to the same standards as licensed property managers.
2. **Consumer Protections:** The exemption potentially reduces protections for property owners and tenants, as attorneys and contractors may not adhere to the professional and ethical standards enforced by the Real Estate Commission.
3. **Jurisdictional Overlap:** Attorneys are already regulated by the State Bar, and contractors by the Construction Industries Division. Allowing these exemptions creates jurisdictional confusion and inconsistent oversight for property management activities.
4. **Market Confusion:** Consumers might struggle to understand why attorneys and contractors are not held to the same accountability standards as licensed property managers.
5. **Dilution of Professional Standards:** Property management requires specialized skills, education and training. Exemptions for attorneys and contractors do not guarantee that they possess the necessary expertise for effective property management.
6. **Fiduciary Responsibility:** Currently under REC requirements, licensees engaged in property management must maintain a trust account of all monies received from tenants and then disburse those funds as specified in the management agreement. While attorneys regularly have trust accounts for their clients, it is not clear that they would be required to do the same for property management. Contractors would have no responsibility to maintain a trust account for property management services, providing less protection for owners and tenants.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo. Attorneys and contractors wish to serve as property managers will continue to be required to obtain licenses through the Real Estate Commission.

AMENDMENTS