LFC Requester:	F. Chavez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to **billanalysis@dfa.nm.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}

Date Prepared: *2/6/25*
Bill Number: *HB312*

Check all that apply:
Original x _ Correction __
Amendment __ Substitute __

Sponsor: M. Matthews
Short Title: **LITIGATION FINANCING TRANSPARENCY ACT**

Agency Name and Code Number: OSA - 308
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

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

(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 312 (HB 312) creates a new Litigation Financing Transparency Act (the “Act”) to govern litigation financing agreements. HB 312 seeks to create protections by prohibiting a litigation financier from interfering with the conduct of the action, assigning or securitizing the financing agreement, or allowing the financier to pay for referrals. HB 312 creates mandatory disclosures and requires indemnification from adverse decisions. HB 312 cancels and makes any financing agreements that violate the Act illegal.

FISCAL IMPLICATIONS

HB 312 does not carry an appropriation. It is likely that HB 312 will create administrative costs to the courts.

SIGNIFICANT ISSUES

HB 312 defines many new items including the main subject; a litigation financing agreement. A litigation financing agreement occurs when a person or entity agrees to fund, advance or loan money to pay for fees, costs, or expenses arising from or related to a legal action, in exchange for the right to receive repayment, interest and other consideration that cumulatively exceeds the amount provided, contingent on the outcome of the action.

HB 312 is designed to ensure that any litigation financier prevents the funded party from adverse costs, fees, damages or sanctions that may be awarded in the action, unless they are the result of the funded party’s wrongful conduct.

Among the items that a litigation financier cannot engage in under the Act include: making decisions with respect to the conduct of litigation covered by an agreement, paying or offering to pay a commission or referral fee to any person for referring a person to the litigation financier, assign or securitize the agreement in whole or in part (meaning the financier must put up all of the funds), and prevents the financier from assigning rights to the action subject of the agreement.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

The Office of the State Auditor does not audit any current litigation financing agreements or similar monetary awards. This would not be covered by the scope of its current Conservatorship program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

HB 312 appears designed to create consumer protections for legal clients that have monetary awards being reduced by the representing attorneys because the attorneys had to take out loans during the court action.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS