

LFC Requestor: Self Assigned

**2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS**

Section I: General

Chamber: Senate
Number: SB206

Category: Bill
Type: Introduced

Date (of THIS analysis): 2/3/25

Sponsor(s): Michael Padilla, Patricia A. Lundstrom & Joy Garatt

Short Title: Procurement Changes

Reviewing Agency: Agency 665 - Department of Health

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
\$0.00	\$0.00	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$0.00	\$0.00	\$0.00	N/A	N/A

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 25	FY 26	FY 27	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A

Section III: Relationship to other legislation

Duplicates: none.

Conflicts with: none.

Companion to: none.

Relates to: none.

Duplicates/Relates to an Appropriation in the General Appropriation Act: none.

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

Senate Bill 206 (SB206) proposes to amend several different provisions of the NM Procurement Code. The bill proposes:

1. An increase of the monetary limit in the 'subscription' procurement code exemption from 10K to 100K, but adds exclusions for software and maintenance licenses.
2. To add a procurement code exemption for Agency enterprise information technology service capital licenses and for Agency records digitization.
3. That Agencies can do small purchase procurement method internally with the monetary limit increased from 1.5K to 10K.
4. An increase of the monetary limit in the small purchase contract procurement method from 60K to 100K.
5. An increase of the monetary limit in the Direct Purchase Order procurement method from 20K to 60K.
6. To reduce the public notice posting time of the scope of work for the sole source purchase procurement method from 30 days to 15 days, and modified the invitation to bid procurement method posting requirements, including raising the monetary limit for sending notice of ITB's to interested entities from 20K to 100K.
7. Increases the maximum term length of Professional Service Contracts from 4 years to 8 years.
8. Increases the maximum term length of sole source procurement method contracts of up to 4 years.
9. To change the local public works project and state public works project definitions by increasing the professional service expense from 50 K to 100K, and deleting a sub-limitation of landscape architectural or surveying services to 10K or more for state public works projects.

10. To add new definitions for best obtainable price, public-private partnership agreement,
11. To allow for two Agency chief procurement officers and adds an alternative to recertification exams consisting of 16 bi-annual continuing education units.
12. To eliminate marketing purchases from the media advertising procurement code exemption.
13. To add two procurement code exemptions for the early childhood education and care department: contracts with licensed child care businesses; and for slots for child care assistance for eligible families.
14. To add a procurement code exemption for contracts for appraisals or surveys for the sale or purchase of real property.
15. To add a responsible individual to the processing of a professional services contract procurement of architect, engineering, landscape architect and surveying services.
16. To increase the monetary limit when cost or pricing data shall be required in ITBs or in requests for proposals from over 25K to over 60K.

The changes of SB206 are most importantly directed at relaxing cost restrictions for various procurement methods that reflect the increasing costs for personal property and services. This will result in less burdensome procurement processes for more agency procurements, longer contract terms and more processes which require less oversight.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

The provisions of SB206 will have certain benefits which will make the procurement process faster and with less administrative burden. SB206 will allow less processing with longer contract terms. It also could be potentially beneficial in reducing costs over those longer terms.

This proposal will affect all other state agencies covered by the procurement code as well as many local public bodies.

SECTION 3. A new section of the Procurement Code is enacted to read: "[NEW MATERIAL] DEFINITION--BEST OBTAINABLE PRICE (Page 3 line 20)

This change significantly positively impacts the New Mexico Department of Health, as the language provides a clear definition during the procurement process and allows for services and items procured needed for medical and health services for NM residents.

SECTION 5. Section 13-1-95.2 NMSA 1978. CHIEF PROCUREMENT OFFICERS—REPORTING REQUIREMENT--TRAINING—CERTIFICATION (Page 4 line 23)

This change significantly positively impacts the New Mexico Department of Health.

This change allows for two agency chief procurement officers (CPO) and adds an alternative to recertification exams consisting of 16 bi-annual continuing education units. The change allows for

an additional represented in case of unexpected leave of the approved CPO and provides additional training opportunities to obtain continuing education caused to the certification.

**Section 6. Section 13-1-98 NMSA 1978 EXEMPTIONS FROM THE PROCUREMENT CODE.
(Page 8 line 4)**

This change significantly positively and negatively impacts the New Mexico Department of Health.

The NMDOH recommends a removal of the additional language on page 8 line 8-9.

Positively impacts NMDOH and includes the dollar amount. This change would decrease specific contractual processing time.

The proposed changes in this section present a potential challenge NMDOH with the use of the additional language on (page 8 Line 8) “, but not including software licenses or maintenance agreements) where prepayments are required;”. This additional language negatively impacts NMDOH of prepayments by excluding software licenses or maintenance agreements. This negative impact will continue to delay and potentially stop services needed to provide medical services including medication to our residents, which include our Veterans.

Negative Impact in the usage of additional language by excluding Software and Maintenance in NMDOH Information Technology (IT) Department.

Ninety-Nine percent (99%) of NMDOH IT software and maintenance require prepayment from vendors on an annual basis. Prepaid IT support improves service delivery efficiency. Prepaid of software and maintenance offer a flexible solution for distributing value equally and creating a better value-to-price ratio saving the State of New Mexico thousands of dollars. Most IT purchases do not allow contracts without prepayments for software and maintenance and currently are causing an increase in pricing to meet the demands of medical services for our residents. The continuation of delays to the renewals causes a delay in the upkeep of software and maintenance which in return forces users (NMDOH facilities) to suspend services or stop usage of software and machinery preventing services from the public.

Negative Impact in the usage of additional language by excluding Software and Maintenance in NMDOH Facilities.

NMDOH Electronic CORE Health records for NM residents’ applications utilize the software and maintenance prepaid procurement process. The current process continues to cause and influence the continuity of services by providing direct care to the residents of NM. The pharmacy applications are serviced within the maintenance procurement process and the additional language will have a heavy impact in delaying or stopping services affecting the continued care of the residents of NM. Using the recommended language could potentially cause a reversion to paper pharmacy processing of patient medical and medication information leaving a substantial amount of human error in potentially harming human life.

(Page 12 line 20) KK. contracts for the digitization of state or federal records;

This change significantly positively impacts the New Mexico Department of Health, as currently the retention schedule forces the department to keep “paper copies” of medical records which decreases space availability for staff and increases the procurement of supplies and services

needed for records retention. The cost saving in decrease in the procurement of supplies and services needed for records retention is estimated at over \$10,000.00 annually.

**SECTION 7. Section 13-1-99 NMSA 1978. EXCLUDED FROM CENTRAL PURCHASING THROUGH THE STATE PURCHASING AGENT
(Page 13 line 12) B. small purchases;**

This change significantly positively impacts the New Mexico Department of Health, as the current monetary limit of \$1,500 is within the low end of the world economic changes in rising labor costs and interest rates, high consumer demand of health/medical services, increase in supply and demand caused by unexpected events like COVID-19, and the Price elasticity of demand.

**SECTION 8. SECTION 13-1-104 NMSA 1978
(Page 14 line 16)**

This change significantly positively impacts the New Mexico Department of Health, as the decrease in numbers of days to publish notices to three calendar days, publishing decreasing from three to two entities would decrease the cost by more than half of the current ten-day notice. This monetary change could save the NMDOH an estimate of \$10,000 annually.

**SECTION 13. SECTION 13-1-126.1 NMSA 1978 A.
(Page 21 line 24)**

This change significantly positively impacts the New Mexico Department of Health, as the current thirty-day requirement delays the procurement process and requires additional tasks to be completed before the procurement process can encumber funds. The change to 15 days will decrease the amount of time for the procurement process and could potentially save the State of New Mexico thousands of dollars by procuring before services or items experience an increase in production costs or higher consumer demand causing a price increase.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?

Yes No

If Sb206 is enacted, administrative burdens on NMDOH and other agencies will be lessened, as summarized above.

- Is this proposal related to the NMDOH Strategic Plan? Yes No
 - Goal 1:** We expand equitable access to services for all New Mexicans
 - Goal 2:** We ensure safety in New Mexico healthcare environments
 - Goal 3:** We improve health status for all New Mexicans
 - Goal 4:** We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?

Yes No N/A

- If there is an appropriation, is it included in the LFC Budget Request?

Yes No N/A

- Does this bill have a fiscal impact on NMDOH? Yes No

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

See “Significant Issues”, above.

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

None.

- Will administrative rules need to be updated or new rules written? Yes No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

DISPARITIES ISSUES

None.

8. DISPARITIES ISSUES

None

9. HEALTH IMPACT(S)

None.

10. ALTERNATIVES

None.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If SB206 is not enacted, the Procurement Code will not be amended to implement the various changes described.

12. AMENDMENTS

See significant issues.