

LFC Requester: \_\_\_\_\_

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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:** 2/19/2024

*Check all that apply:*

**Bill Number:** SB408

Original  Correction

Amendment  Substitute

**Agency Name and Code** Department of Cultural Affairs--505

**Number:** \_\_\_\_\_

**Sponsor:** Gallegos/Campos/Gonzales

**Person Writing** Greg Geisler

**Short Title:** State Architectural and

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Engineering Contracts

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NA	NA	NA	NA

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	NA	NA

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NA	NA	NA	NA	NA	NA

(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:**

SB408 makes changes to [§13-1-154.1 NMSA 1978](#) regarding public purchases through multiple source awards. Local public bodies and state agencies may make a multiple source award when two or more bidders/offerors are necessary for adequate delivery or service. This bill increases the price thresholds for architectural and engineering service contracts as well as indefinite quantity construction contracts. Specifically:

- The bill increases the single contract amount, including renewals, for architectural and engineering services from \$650,000 to \$2 million.
- It also increases the total amount of all contracts and all renewals for multiple indefinite quantity construction contracts under a single request for proposal from \$12.5 million to \$30 million in a period of no more than 10 years. Additionally, the bill increases the amount of any one purchase order under the contract from \$4 million to \$7 million.
- Finally, the bill increases the total amount awarded to a single firm for all contracts pursuant to [§13-1-154.1 NMSA 1978](#) from \$7.5 million to \$15 million for architectural or engineering services, and from \$12.5 million to \$30 million for construction. For construction, the bill changes the applicable period from 3 years to 10 years.

#### **FISCAL IMPLICATIONS**

The bill addresses the significant issues of overall escalation in prices, particularly construction prices. The current price thresholds are inadequate for today's cost environment, resulting in increased procurement processes within local government and state agencies. The bill has the potential to increase the effective and efficient expenditure of capital outlay and other funds.

#### **SIGNIFICANT ISSUES**

None identified.

#### **PERFORMANCE IMPLICATIONS**

None identified.

#### **ADMINISTRATIVE IMPLICATIONS**

By reducing complex procurement processes, the bill may decrease administrative burdens particularly for smaller local bodies operating with limited administrative staff.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Duplicates HB456.

#### **TECHNICAL ISSUES**

None identified.

## **OTHER SUBSTANTIVE ISSUES**

With higher thresholds for contracts, more firms may be eligible to participate in procurement, possibly enhancing competition and leading to more efficient pricing for local and state projects.

Increasing the total amount any one firm can receive from \$12.5 million to \$30 million for construction while extending the period from 3 years to 10 years could increase competitive pricing by firms and provide more opportunities for smaller firms to benefit from public contracts.

## **ALTERNATIVES**

None identified.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Local public bodies and state agencies will continue to face challenges. Smaller contracts will continue to result in more frequent procurement processes, increasing administrative costs and potentially leading to higher project costs due to lack of economies of scale. Firms may be discouraged from bidding on smaller contracts, limiting competition and potentially reducing the number of qualified contractors available for local and state projects. Not enacting the legislation could hinder efficiency, increase costs, and reduce competitive opportunities.

## **AMENDMENTS**

None identified.