

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

LAST UPDATED _____
ORIGINAL DATE 2/19/2025

SPONSOR Muñoz

BILL
NUMBER Senate Bill 264

SHORT TITLE Administrative Fee Changes

ANALYST Gaussoin

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Hunting and Fishing License Fees		\$1,000.0	\$10,000.0	\$11,800.0	\$14,396.0	Recurring	Game Protection Fund
Food Service Establishments Fees		At least \$3,200.0	At least \$3,200.0	At least \$3,200.0	At least \$3,200.0	Recurring	Environmental Health Fund
Workers' Comp Contributions and Deductions		\$1,479.0	\$1,479.0	\$1,479.0	\$2,253.0	Recurring	Workers Comp Admin Fund
Medical Radiation Operations Fees		See Fiscal Implications				Recurring	Radiologic Technology Fund
Public Water Supply and Wastewater Facilities Fees		Up to \$494.0	Up to \$494.0	Up to \$494.0	Up to \$494.0	Recurring	Public Water Supply System Operator and Public Wastewater Facility Operator Fund
Public Swimming Pools and Spas Fees		Up to \$460.0	Up to \$460.0	Up to \$460.0	Up to \$460.0	Recurring	Environmental Health Fund
Petroleum Storage Tanks Fees		\$499.0	\$406.0	\$795.0	At least \$795.0	Recurring	Storage Tank Fund
Solid Waste Site Fees		\$564.0	\$347.0	\$390.0	At least \$390.0	Recurring	Solid Waste Fund
Registered Pet Food Spay and Neuter Fee			\$1,533.9	\$1,533.9	\$1,533.9	Recurring	Spay and Neuter Subaccount of Care and Facility Fund
Hemp Manufacturers Fees		Up to \$692.5	Up to \$692.5	Up to \$692.5	Up to \$692.5	Recurring	Environmental Health Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 5, House Bill 346, and an appropriation in the General Appropriation Act.

Sources of Information

LFC Files

Agency Analysis Received From

Department of Game and Fish (DGF)
 New Mexico Department of Agriculture (NMDA)
 Workers’ Compensation Administration (WCA)
 Environment Department (NMED)

Agency Analysis was Solicited but Not Received From

Taxation and Revenue Department (TRD)
 New Mexico Municipal League (NMML)
 New Mexico Counties

SUMMARY

Synopsis of Senate Bill 264

Senate Bill 264 (SB264) amends and multiple sections of state statute and repeals three other to alter the fees on 11 activities, either raising the limits or lifting the limits altogether to allow the agency to set fees at a “reasonable” or “necessary” level. The bill affects hunting, fishing and trapping license fees, fees paid by pet food companies, workers’ compensation administration fees, hemp manufacturer permits, and fees on a range of activities with environmental impacts.

Section of SB264	Section of NMSA 1978	Affected Fee or Fees	How Fee or Fees are Affected
1	17-3-3	Game and fish licenses	Raises fees now and creates annual multiplier that ends in 2036.
2	25-1-5	Food service establishments	Strikes current fees and authorizes fees “necessary to carry out the provisions of the Food Service Sanitation Act and for other operational expenses of the Department of Environment.”
3	52-5-9	Workers’ compensation	Raises fees now and creates set increases through 2033.
4	61-14E-9	Medical radiation operator licenses	Strikes current fees and authorizes fees to cover the “reasonable costs” of administering the program. The bill, in Section 12, also repeals an exemption for medical, dental and veterinarian X-ray operators.
5	61-33-5	Public water utility operators	Strikes current fees and authorizes fees to cover the “reasonable costs” of issuing certificates.
6	74-1-16	Public swimming pool, spa or recreation facility	Strikes limit of \$150.
7	74-6b-9	Petroleum storage tanks	Strikes existing fee and authorizes an amount necessary to manage program.
8	74-9-8	Solid waste sites	Strikes \$10 thousand limit and allows “reasonable” fees.
9	74-13-8	Tire recycling facilities, scrap tire haulers, scrap tire generators	Clarifies fee schedule.
10	76-19a-10.1	Spay and neuter fee on cat and dog food	Extends the delayed repeal to 2031, allowing for the existing fee to be collected beyond the current repeal effective July 2026.
11	76-24-8	Hemp manufacturing	Strikes \$1,000 limit and authorizes an amount to cover the “reasonable costs” of administrating the permit program. (The Cannabis and Hemp Bureau includes cannabis edible permits, which would be covered under the Food Service Sanitation Act

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

Hunting, Fishing and Trapping License Fees

The Department of Game and Fish estimates the fee increase, the first since 2006, would generate \$10 million a year for the game protection fund, the primary source of operating revenue for the department. The estimate assumes the discount for recipients of the Supplemental Nutrition Assistance Program would reduce potential revenues by \$1 million a year. The agency notes the enactment of the fee increases in April, while timed with the current pattern of license sales, would mean revenue in FY26 would be limited. The revenue table on page 1 reflects the projected consumer price index impact on revenue growth.

Food Service Establishments

Environment Department (NMED) fees for the Environmental Health Bureau Food Program have not increased since 2005. From NMED:

SB264 would allow [the Food Program] to petition the [Environmental Improvement Board] to adopt a fee schedule for food establishments at a cost reflective of the work performed by Environmental Health Bureau staff. Food establishments include those facilities that commercially prepare and serve food in addition to temporary event permit fees. Currently, it costs at least \$4.8 million annually to run the food program but revenues are \$1.6 million annually.

Because the SB264 authorizes food establishment fees “necessary to carry out the provisions of the Food Service Sanitation Act and for other operational expenses of the Department of Environment,” the revenue table reflects the difference between existing revenue and existing program costs as the minimum that would be generated under a new fee schedule.

Workers’ Compensation

The bill increases the quarterly employer payroll contributions and employee payroll deductions deposited into the workers’ compensation administration fund by 11.6 percent over current rates starting in FY26, by 17.7 percent starting in FY29, and by 23.2 percent in FY34. The revenue table reflects those percentage increase over the current revenue of \$12.75 million without consideration of the workforce growing or shrinking.

Medical Radiation Operators

NMED states annual revenues in the Medical Imaging and Radiation Therapy Program do not support the data system required by Nuclear Regulatory Commission standards for the administration of over 2,000 licenses and associated records. The department did not provide information on the amount needed to cover the costs of the program.

Public Water Utility Operators

NMED reports annual revenues from the certification program are \$56 thousand and expenses exceed \$550 thousand. The revenue table reflects the difference.

Pool and Spas

As with the Food Program, the revenues generated for the Pool and Spa Program are set at the difference between current revenues of \$140 thousand and current expenses of \$600 thousand. NMED reports the fees have not increased since 2004.

Petroleum Storage Tanks

Under existing law, NMED reports revenues on petroleum storage tank fees, last increased in 1990, are estimated at \$795 thousand in FY27 and \$945 thousand in FY28, while expenses are \$1.4 million a year, with balance covered by the corrective action fund. From NMED:

The impact of the new fees will not be realized until FY27 and FY28 and it will increase the fees collected from the annual storage tank fees and help defer the need to request additional funds by the end of FY29. The number of years to realize the cost recovery must consider the impact on the Storage Tank Registrants to ensure small business are not negatively impacted.

The revenue table reflects the department's initial estimate of additional revenue, although the department removed all estimates in subsequent analysis.

Solid Waste

From NMED:

[Solid Waste Bureau (SWB)] staff have been working with their regulated community to discuss options for fee increases but have developed costs in this analysis associated with reviewing and maintaining a typical landfill permit. The estimated revenue shown is based on an average cost of \$130 thousand to review and approve a landfill permit from the initial application to the end of the permitting process. The cost for permitting a transfer station is estimated to be \$87 thousand. Permit applications are the only specified activity for charging fees in 74-9-8 (I), although there are many other activities the SWB engages in regarding permitted facilities. The estimated revenue shown reflects the anticipated permits, permit modifications, and renewals for landfills and transfer stations, starting in each of these fiscal years.

The revenue table reflects the department's initial estimate of additional revenue, although the department removed all estimates in subsequent analysis.

Pet Food Spay and Neuter Fee

The current \$100 spay and neuter fee on cat and dog food registered with the New Mexico Department of Agriculture (NMDA) is scheduled to expire at the end of FY26; therefore, all revenue from the fee is reflected in the revenue table starting in FY27. NMDA reports 15.3 thousand pet food products were registered in 2024, generating an estimated \$15 million annually. The spay and neuter subaccount receives 96 percent of the fee, or \$14.7 million.

Hemp Manufacturers

The department reports the Hemp Manufacturing Program generates \$32.5 thousand and costs approximately \$725 thousand to administer, for a difference of \$692.5 thousand a year.

SIGNIFICANT ISSUES

Hunting, Fishing and Trapping License Fees

The Game and Fish Department reports the bill would increase 18 of 27 resident license types and 15 of 20 nonresident license types. Resident license fees would increase an average of about \$15, with a maximum increase of \$85, while the average increase for a nonresident license would be about \$84, with a maximum of \$255.

A review of adult resident freshwater fishing licenses in surrounding states shows the current New Mexico fee of \$25 is the lowest in the region, and the proposed increase to \$35 would make it second highest. A resident deer hunting license, now \$31 and second lowest in the region, would be on the high end in the region if raised to \$50 as proposed. It is not known if surrounding states offer discounts for residents receiving public assistance.

Resident License Fees		
	Fishing	Deer
Arizona	\$37.00	\$58.00
Colorado	\$41.83	\$47.91
NM-Current	\$25.00	\$31.00
NM-Proposed	\$35.00	\$50.00
Texas	\$30.00	\$25.00
Utah	\$40.00	\$40.00

The department contends the hunting and fish fee increases are necessary because the game protection fund is being depleted and additional revenue is needed to keep the balance in the fund at \$10 million, the level the department says it needs as a cushion for operations. The department projects the balance in the game protection fund will be \$19.6 million at the end of FY25 and \$15.8 million at the end of FY26. Notably, the agency projected end-of-year balances of \$16.6 million for FY24; the actual balance at the end of FY24 was \$22 million. Also notable, revenue from hunting and fishing fees, the primary source of funds in the game protection fund, grew 30 percent between FY20 and FY24, generating more than \$33 million in FY24.

Food Service Establishments

NMED reports it is “struggling” to meet federal Food and Drug Administration (FDA) standards for the minimum number of inspections of food establishments each year and only inspects each food establishment once annually. The FDA standard is two to four inspections a year for high-risk establishments. Further:

NMED cannot meet FDA standards for the number of food inspections expected per full-time equivalent (FTE). According to FDA standards, the department’s inspectors have almost twice the number of facilities assigned to a person, so the department sacrifices the quality of inspections for the quantity of inspections.

Workers’ Compensation

As of September 2024, the worker’s compensation administration fund had a balance of roughly \$3 million. However, the fund is designated to fund an IT modernization project and capital outlay projects, leaving the fund depleted. Given the Workers’ Compensation Administration’s (WCA) reliance on fund balances for ongoing operating costs, the fund would be unable to

maintain current expenditure levels. The LFC recommendation for the General Appropriation Act includes a one-time transfer of \$6 million from the general fund into the workers' compensation fund, enough to sustain the department through FY29.

WCA reports the increases proposed in SB264 are based on agency projections:

Research was conducted to anticipate the impact on raising the fee on micro, small, medium, and large New Mexico businesses. The monetary values provided in SB264 are incremental in nature, staggered over a number of years, and permit the WCA to sustain operational needs through at least FY34, at which time the issue can be reviewed by the Legislature. The incremental raises outlined in SB264 will not require the Legislature to review WCA funding until FY 2036.

Public Water Utility Operators

NMED states, “New Mexico’s fees for utility operator certification examinations and certification renewals are the lowest of any of the states in the region. Federal grant funds would increase if the current set-aside was no longer needed to run the program.”

Solid Waste

From NMED:

SWB has reviewed other permit fee structures in surrounding states, which vary widely. Some states do not limit fees to just landfill applications but also include typical solid waste facility activities, including modifications, monitoring, and closure design review; or are based on tonnage or hourly rates. A good comparison is Arizona, where they calculate a maximum of \$297 thousand for a landfill permit. Colorado and Utah both charge applicants \$125/hour for work on permits, with no maximum. Utah also charges quarterly fees of 22 cents/ton to support their regulatory program overall. Texas and Oklahoma both receive pass-through fees based on tonnage disposed of at facilities, from 94 cents/ton to \$1.25/ton. Kansas charges a fee of \$5,000 for initial submission with an annual permit fee of \$2,000 over the life of the facility. There may be contractual costs of \$50 thousand to determine the rate schedule and what other costs may be incurred.

... The fee cap that is proposed for elimination in the Solid Waste Act was enacted in 1991, and it did not consider all of the administrative time and effort that continues to go into a solid waste landfill permit over the course of its existence. Therefore, it is unclear if the existing language allows reimbursement of the significant costs incurred for facility registration application reviews and oversight once permits and registrations are issued. Oversight activities include groundwater and landfill gas monitoring report reviews, plan amendments, cell construction, annual report reviews, interim permit reviews, site inspections, and closure/post closure report reviews and environmental monitoring. Oversight also includes compliance inspections and follow ups. A landfill is designed to last at least thirty years post-closure but is more likely to be in place much longer.

In addition, the department notes unclear language concerning recycled tire operations:

In Section 9.I, the bill lists the existing applicable entities for a tire fee schedule in 74-13-8 (I) and (J), combining them into a list under (I) as *1) scrap tire haulers and tire recycling facilities and 2) scrap tire generators*. The first two have no impact on the current legislation, but the bill adds a third fee specification, which simply re-lists the

same entities as (3) *scrap tire haulers, tire recycling facilities and scrap tire generators*. This statement is unclear and does not provide specific details for the third fee.

Pet Food

The Board of Veterinary Medicine supports efforts to continue to the spay and neuter program, saying it is “greatly needed” in the state. Notably, the section of state law authorizing the spay and neuter program is currently in litigation and no decision has been issued. NMDA reports all New Mexico pet food manufacturers are exempt from the program fee.

Hemp Manufacturing

NMED contends funding constraints have limited enforcement:

The majority of cannabis and hemp facilities go unvisited by NMED staff. Each of the CHB inspection staff currently inspect 11 hemp facilities that extract hemp and manufacture hemp-derived products and 18 cannabis facilities that manufacture edible cannabis products per year and conduct an average of eight plan reviews and facility openings per year. Staff, in collaboration with the Regulation and Licensing, Cannabis Control Division, have also investigated and issued 30 notices of violations to cannabis edible manufacturers operating without proper permitting and have conducted two product hold/market removal orders to conduct further laboratory testing to ensure products meet safety and labeling requirements.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB264 relates to Senate Bill 5, which increases hunting and fishing fees as part of a reorganization of the State Game Commission, and House Bill 346, concerning the Hemp Manufacturing Act. It also relates to a one-time appropriation of \$6 million to WCA in the LFC recommended version of the General Appropriation Act.

HG/SL2/sgs