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# FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_

**SPONSOR** Trujillo **ORIGINAL DATE** 02/19/2025

**BILL**

**SHORT TITLE** Minimum Building Code Requirements **NUMBER** Senate Bill 451

**ANALYST** Serna

## ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
RLD	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	<b>General Fund</b>

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 491

### Sources of Information

LFC Files

Agency Analysis Received From  
 New Mexico Attorney General (NMAG)  
 Regulation and Licensing Department (RLD)

Agency Analysis was Solicited but Not Received From  
 New Mexico Municipal League (NMML)  
 New Mexico Association of Counties

## SUMMARY

### Synopsis of Senate Bill 451

Senate Bill 451 (SB451) amends the Construction Industries Licensing Act (CILA), Section 60-13-9 NMSA 1978, to update New Mexico’s building code requirements. SB451 requires the Construction Industries Division (CID) of the Regulation and Licensing Department (RLD) to adopt the most recent International Building Code (IBC) within two years of publication as the minimum standard for general building codes in the state. The bill allows some flexibility, permitting the electrical, mechanical, or general construction bureaus to propose alternative recommendations, subject to approval by the state’s Construction Industries Commission.

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

## FISCAL IMPLICATIONS

The Regulation and Licensing Department (RLD) anticipates SB451 would likely increase the Construction Industry Division's (CID) operating expenses by an indeterminate amount:

Most costs associated with the general rule adoption for trade bureau codes are already accounted for in CID's budget since construction codes are regularly updated and adopted. However, SB451 would increase these costs by requiring continual review and rule adoption during the three-year code cycle to ensure compliance with current IBC adopted rules. Those cost increases are speculative.

The National Institute of Building Sciences and the National Council on Building Codes and Standards identify several potential cost implications when adopting new codes. These include administrative expenses, staff training requirements, and potentially substantial increases in construction costs. RLD further emphasizes the need for careful evaluation of the cost impacts associated with publishing and adopting new codes, particularly when developing standards for regions with unique construction requirements, as it often demands additional time and financial resources. This analysis assumes that, given that CID already engages in rulemaking for building codes, any cost increases would be minimal.

## SIGNIFICANT ISSUES

The Regulation and Licensing Department (RLD) anticipates that SB451 would restrict the state's minimum general building codes to the International Building Code (IBC), deviating from the current process outlined in the Construction Industries Licensing Act (CILA), Section 60-13-44 NMSA 1978. This existing process, which grants authority to the Construction Industry Division's (CID) bureau chief and the state's Construction Industries Commission to adopt the state's minimum building code based on any nationally recognized code, ensures that New Mexico's codes reflect industry best practices and safety standards while accommodating local needs.

RLD also notes the IBC applies only to general building trades, not electrical and mechanical trades. SB451 would allow CID's electrical bureau and mechanical bureau chiefs to propose recommendations on IBC adoption.

New Mexico's diverse geography and communities present unique challenges in implementing new building codes. RLD explains how CID's approach to code adoption requires the division to conduct extensive stakeholder engagement across varied communities. Furthermore, to establish building codes that are "practical, equitable, and sustainable," CID must facilitate "a transparent process" ensuring adopted codes accommodate local conditions while upholding safety standards.

SB451 requires CID's General Construction Bureau to adopt the most recent IBC within two years of its publication by the International Code Council. RLD considers this timeframe "impractical and costly since once the IBC is adopted, it is subject to change as it goes through numerous modifications and adjustments for approximately one year after the initial adoption." RLD contends that this requirement could necessitate continuous reviews and potential ongoing rule changes to ensure compliance with the current IBC.

The New Mexico Attorney General (NMAG) raises questions about the delegation of regulatory authority. SB451's mandate for CID to adopt IBC revisions within two years, without consideration of implementation challenges, could potentially conflict with CID's discretionary duties in adopting building codes. Furthermore, issues could arise "if the International Code Council ceases to exist at some point in the future."

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

SB451 relates to House Bill 491 (HB491), which also amends the Construction Industries Licensing Act (CILA). HB491 authorizes private inspection companies to conduct inspections for government entities, contractors and homeowners. NMAG notes that the passage of HB491 could create additional requirements for CID inspectors to be familiar with.

## **ALTERNATIVES**

A possible alternative to SB451, as suggested by NMAG, would involve promulgating rules incorporating the most recent IBC as the minimum standard instead of listing it in statute.

RLD's proposes changes to SB451 that would remove the specific reference to the IBC, require the Construction Industries Division (CID) to initiate rule adoption proceedings for the updated version of the currently adopted nationally recognized general construction code, and tie the adoption process to the three-year code development cycle. RLD also recommends removing proposed language that references the electrical and mechanical bureaus:

SECTION 1 page 2 lines 23 through 25: Delete the words "by the international code council of a revision of the International Building Code, all building codes shall meet the minimum standards set forth in the most recent revision" and replace with "of the triennial code development cycle updated version of the nationally recognized general construction code currently adopted by the Construction Industries Division, shall commence rule adoption proceedings, in accordance with Article 4, Chapter 14, of the State Rules Act, the updated version of the nationally recognized general construction code in compliance with Section 60-13-44 NMSA 1978."

SECTION 1 page 3: Delete lines 1 through 3.

RS/hj