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## FISCAL IMPACT REPORT

SPONSOR Henry LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 3/3/2025  
BILL  
SHORT TITLE Construction & Inspection Licensing NUMBER House Bill 491  
ANALYST Ortega

### 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	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
Regulation and Licensing Department (RLD)  
General Services Department (GSD)

## SUMMARY

### Synopsis of House Bill 491

House Bill 491 (HB491) amends the Construction Industries Licensing Act to authorize private inspection companies to conduct inspections for government entities, contractors, and homeowners. HB491 states these companies must be licensed and employ certified building officials who meet professional experience and certification requirements. The bill also adds provisions stating certified building officials and inspectors employed by governments cannot simultaneously work for private inspection companies.

Additionally, the bill allows the Construction Industries Division of the Regulation and Licensing Department (RLD) to enforce code compliance, investigate violations, and contract with private inspection companies for state inspections. The bill states employees of the division are prohibited from engaging in business activities classified as contracting under the act. This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## FISCAL IMPLICATIONS

HB491 does not contain an appropriation for its implementation but may have a minimal fiscal impact on RLD. However, any costs related to licensing and enforcement are expected to be minimal because the Construction Industries Division of the department already regulates

inspections. Additionally, RLD states that any costs associated with implementing the bill would be minimal and primarily associated with rulemaking.

## **SIGNIFICANT ISSUES**

The following language stating, “Certified building officials and inspectors employed by governments shall not be employed by private inspection companies,” as it appears in the bill may or may not include private inspectors. RLD interprets the language as excluding private inspectors and states that HB491 creates conflicts of interest by allowing private inspection companies to act as both contractors and inspectors.

RLD also states the bill may increase construction costs by requiring additional fees for private inspections beyond standard permitting fees charged by state and local jurisdictions and contradicts with industry and government efforts to streamline inspections and reduce expenses. Additionally, the department raises concerns about oversight and consistency in code enforcement, stating that private inspectors may not be held to the same level of accountability as state-employed inspectors, increasing the potential for discrepancies in inspection outcomes. According to RLD, differences in code interpretation and miscommunication between private inspectors and local building departments could result in project delays, additional costs, and noncompliance with safety standards.

RLD also raises concerns about inspector qualifications regarding the New Mexico Administrative Code (NMAC) Section 14.6.5.8, noting that while third-party inspectors may pass a national trade exam, New Mexico requires inspectors to have journeyman or foreman-level field experience to ensure practical expertise. Unlike licensed contractors, inspectors in New Mexico are issued a certificate rather than a license, meaning they are not authorized to pull permits. Because of this, RLD believes HB491 could allow private inspection companies to act as both contractors and inspectors, further complicating regulatory oversight and creating potential conflicts of interest.

AO/rl/hg/sgs