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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Woods ORIGINAL DATE 2/14/25

BILL

SHORT TITLE Limit Damages in Legal Action NUMBER Senate Bill 132

ANALYST Chavez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Courts	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

Administrative Office of the Courts (AOC)

New Mexico Attorney General (NMAG)

General Services Department (GSD)

Agency Declined to Respond

Administrative Office of the District Attorneys (AODA)

SUMMARY

Synopsis of Senate Bill 132

Senate Bill 132 (SB132) would add a new section to Chapter 39, Article 1 NMSA 1978 that limits punitive damages in legal actions. SB132 prohibits courts from awarding plaintiffs in civil suits more in punitive damages (damages for the purpose of deterring similar behavior in the future) than they have been awarded in compensatory damages (damages for the purpose of compensating plaintiffs to cover the loss suffered). SB132 would also call for plaintiffs, who receive punitive damages, to be eligible to also be awarded the cost for reasonable attorney fees.

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

The fiscal implications of SB132 are minimal on state agencies. SB132 would only affect the judiciary in processing awards for civil suits. Most of the fiscal implication is placed on the parties in the civil suit.

SIGNIFICANT ISSUES

The New Mexico Attorney General (NMAG) explains that SB132 would conflict with the state's established approach, which allows larger punitive damages to serve as a deterrent, even when compensatory damages are minimal. For example, in cases of extreme recklessness, like firing a gun into a crowd with no injury, the bill's cap could prevent punitive damages that traditionally exceed compensatory damages to deter such behavior. This issue would not be resolved through awarding nominal damages because nominal damages awards are only granted when plaintiffs establish a cause of action but cannot prove actual damages.

Additionally, the bill may conflict with existing statutes that authorize treble (three times actual) damages or other forms of punitive damages, such as in cases of unfair trade practices or criminal actions such as shoplifting. SB132 could mean that shoplifters of merchandise costing less than \$100 would not be liable for punitive damages. Furthermore, the bill's provision for attorney fees may apply even where statutes do not specifically allow them, potentially leading to conflicts. To address these issues, the bill could include exceptions for statutes providing treble damages or specify certain thresholds or types of cases where the cap on punitive damages applies. To remedy the possible issue of attorney fees being applied where statute specifically does not allow them to, language like "as permitted by statute" may be added.

FC/hj/SR