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# FISCAL IMPACT REPORT

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

**SPONSOR** Paul **ORIGINAL DATE** 02/25/2025

**BILL**

**SHORT TITLE** Gaming Control Board Access Background Checks **NUMBER** Senate Bill 302

**ANALYST** Montano

## ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>DPS</b>	<b>No fiscal impact</b>	<b>Indeterminate but minimal</b>	<b>Indeterminate but minimal</b>			

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
 Gaming Control Board (GCB)  
 Department of Public Safety (DPS)

## SUMMARY

### Synopsis of Senate Bill 302

Senate Bill 302 (SB302) introduces enhanced background investigation requirements for individuals applying for gaming licenses, work permits, and contractor access to gaming facilities regulated under the Gaming Control Act and the New Mexico Bingo and Raffle Act. The bill strengthens regulatory oversight by mandating criminal history checks, financial disclosures, and investigative reports for applicants seeking unescorted access to Gaming Control Board facilities, gaming establishments, or licensed raffle operations.

The bill revises Section 60-2E-11 NMSA 1978 to require that contractors seeking unescorted access to Gaming Control Board facilities undergo a background investigation conducted by the board's enforcement division. This investigation includes a national criminal background check, fingerprint submission, and disclosure of business activities, financial records, and associations over the past ten years. The Gaming Control Board and Department of Public Safety (DPS) will coordinate to ensure all background investigations meet national security and financial integrity standards.

Additionally, the bill amends Section 60-2E-14 NMSA 1978 by modifying the licensing process for gaming operators, manufacturers, and distributors. Applicants for a gaming license, work permit, or certification of suitability must submit fingerprints, financial history, and criminal background information for review. All licenses—except certifications of suitability and work permits—must now be reviewed annually instead of every three years, ensuring more frequent compliance checks. The bill also prohibits any gaming licensee from owning a controlling

interest in multiple types of gaming operations, reinforcing anti-monopoly protections within the industry.

For bingo and raffle operators, SB302 revises Section 60-2F-9 NMSA 1978 to align background investigation requirements with those applied to gaming establishments. Applicants for bingo and raffle permits must undergo a criminal background check, credit check, and financial suitability review. The Gaming Control Board's (GCB) enforcement division is granted authority to request and receive criminal history reports from federal law enforcement agencies, ensuring that all applicants meet regulatory integrity standards before operating charitable gaming events.

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

## **FISCAL IMPLICATIONS**

DPS projects that SB302 could have funding implications if there is a substantial increase in requests for background checks. The operational costs associated with conducting background checks primarily arise from processing fingerprints through the Federal Bureau of Investigation (FBI) and DPS. These costs could fluctuate significantly depending on the number of contractors and applicants requiring screening.

## **SIGNIFICANT ISSUES**

DPS notes:

SB302 addresses the Gaming Control Board's authority to conduct background checks in two primary areas. SB302 enhances public confidence in the gaming industry by expanding background checks to include contractors who require unescorted facility access, strengthening oversight of individuals applying for gaming licenses, work permits, or suitability certifications, and ensuring regulatory alignment with [Title] 28 [Code of Federal Regulations] and Public Law 92-544, which set strict guidelines for criminal history access and dissemination. Collecting and storing sensitive criminal history information also introduces privacy risks, necessitating substantial data security measures.

## **PERFORMANCE IMPLICATIONS**

DPS notes:

One of the core missions of DPS is to ensure the safety of the public, and this bill strengthens background checks by requiring national criminal background checks and other thorough investigations. This provision makes sure that everyone involved in the gaming industry, particularly those with unescorted access to gaming facilities, are thoroughly vetted to prevent any involvement in illicit activities or organized crime. Individuals with a criminal history, especially those with felony convictions or gaming-related offenses, are not allowed to hold positions of influence in the gaming sector. This is vital to maintain integrity and public trust in the gaming industry. By requiring background checks for contractors and key individuals involved in gaming operations, the bill helps reduce the risk of criminal activities such as money laundering, fraud, or other gaming-related crimes that could harm the integrity of gaming facilities and operations. These investigations help protect the state's gaming industry from exploitation or corruption. Moreover, by standardizing this process, this bill creates a more uniform and comprehensive framework for background checks, which will improve

the integrity of the gaming system.

GCB notes:

The Gaming Control Board has systems located in the agency which are unique to the gaming industry. These systems require additional security measures, including that contractor employees are investigated, so that they can work unescorted. This makes it unnecessary for an FTE to sit, escort and observe people not normally allowed in certain areas. For example, janitorial services, electricians, roofers etc.

## ADMINISTRATIVE IMPLICATIONS

SB302 increases GCB's administrative requirements by requiring license holders and permittees to renew every three years. GCB will also be required to store and take fingerprints and transmit the fingerprints electronically into a storage system.

DPS notes:

To comply with [Title] 28 [Code of Federal Regulations] and Public Law 92-544, GCB must ensure that all fingerprint-based background checks are conducted through FBI-authorized channels. Additionally, it must restrict access to criminal history records to only authorized personnel and implement strict confidentiality protocols to prevent the misuse of sensitive background data. Strengthening these administrative measures will enhance regulatory oversight and protect the integrity of gaming operations across New Mexico.

Agencies with access to Criminal Justice Information (CJI) for fingerprint-based background checks must ensure full compliance with all aspects of the CJIS Security Policy (CJISSECPOL). This policy establishes mandatory security requirements to safeguard CJI, ensuring its protection from creation through dissemination or destruction, whether at rest or in transit. Compliance with CJISSECPOL is essential to maintain the integrity, confidentiality, and security of CJI, and agencies must adhere to all prescribed controls, procedures, and system security measures to retain authorized access. During audits, the agency must demonstrate compliance with CJISSECPOL.

## OTHER SUBSTANTIVE ISSUES

GCB notes:

Backgrounding contractor/contractor employees working in the GCB agency building is both a security measure and a safety measure making sure that staff and State of New Mexico assets and resources are protected and secure. Changing renewal requirements for some licenses and permits will add to efficiency of agency processes and conserve resources. The changes to Disclosure of Background Information for people applying for a license or permit pursuant to the Bingo and Raffle Ac, are expanded for clarity and specificity of licensing requirements. This better mirrors the requirements which are already in place on the gaming side which will support the agency's goal of transparency in process, procedure and implementation in its efforts to protect the integrity of gaming in New Mexico for all interested and affected parties.