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FISCAL IMPACT REPORT

SPONSOR Cervantes DATE TYPED 02/28/05 HB 993

SHORT TITLE Contractor License Reissuance SB _____

ANALYST McSherry

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|---------|----------------------|---------------|
| FY05 | FY06 | FY05 | FY06 | | |
| | NFI | | Minimal | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

House Bill 993 duplicates Senate Bill 955.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office
Economic Development Department
Regulations and Licensing Department

SUMMARY

Synopsis of Bill

House Bill 993 proposes to amend the Construction Industries Licensing Act to prohibit the Construction Industries Division (CID) of the Regulation and Licensing Department (RLD) from issuing a contractor's license or qualifying party certificate to a former licensee who has had their license or certificate revoked if the director of the division finds that the former licensee violated any provision of the Act during the revocation period.

The bill also proposes to modify current law prohibiting the issuance of a license for a period of one year after revocation to prohibit a person whose license has been revoked from applying for a new license for a period of one year after revocation.

Significant Issues

Presumably this bill will prevent the issuance of licenses to those who continue to act as contractors after their licenses have been revoked. Current law implies that all contractors whose li-

censes have been revoked are entitled to apply for and if qualified, receive new licenses after one year.

According to RLD:

after a revoking a license, the current law requires CID to issue a new license to any individual even if he or she violated the Construction Industries Licensing Act during the period of revocation.

the proposed changes would allow CID to refuse to license individuals who have proven that they do not and will not comply with the laws governing contractors.

the public relies on state licensure/certification as an indication of dependability and competence.

PERFORMANCE IMPLICATIONS

CID is already staffed and structured to investigate illegal activity of licensees. The number of licensees whose licenses are revoked is well under 15 per year, and the number who reapply for licensure even smaller. The Division could absorb the additional investigations required by this legislation without any substantial impact on its performance.

FISCAL IMPLICATIONS

There is not appropriation included in this bill

The Construction Industries Division will have to implement the provisions of this bill. According to the Division, it is already staffed and has the resources to conduct the investigations anticipated by this statute. The division cites that the number of individuals applying for licenses after revocation is so low, that denials of licenses pursuant to this law would have virtually no impact on revenues received from license fees.

ADMINISTRATIVE IMPLICATIONS

RLD predicts that the number of applicants who would be affected by this law would be a fraction of one percent of the license base per year. The bill would have virtually no administrative impact on CID.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill duplicates Senate Bill 955.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

Contractors whose licenses have been revoked will be eligible to apply for and receive new licenses after one year from the date of revocation, regardless of whether they have violated the Construction Industries Licensing Act during the revocation period.

POSSIBLE QUESTIONS

1. Could this change be made by rule rather than through statute? Is the division currently made to issue a license to former licensees who reapply?

EM/lg