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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/21/07

SPONSOR Grubestic LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Revising Bonding Requirements SB 1065

ANALYST Propst

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

Senate Bill 1065 amends Section 60-13A-7 NMSA 1978 to require a surety bond for employee leasing contractors. SB 1065 also establishes the Employee Leasing Act Fund to be administered by the Regulation and Licensing Department.

### SIGNIFICANT ISSUES

SB 1065 provides that an employee leasing contractor domiciled and registered in New Mexico as of September 30, 1993 must maintain a surety bond of \$25.0 with the Regulation and Licensing Department. An employee leasing contractor domiciled and registered after that date must file a surety bond of \$100.0. The bond is conditioned upon the prompt payment of wages the employee leasing contractor is liable for.

As an alternative to the surety bond, SB 1065 allows that the contractor can deposit with a depositor designated by the Department, liquid securities with a market value equal to the amount of the required surety bond.

And finally, SB 1065 allows the Department to accept an affidavit or certification of a bonded, assurance agency approved by the Department in lieu of the surety bond.

SB 1065 creates the Employee Leasing Act fund in the State Treasury to be administered by the

Regulation and Licensing Department.

The Regulation and Licensing Department reports that currently the Employee Leasing Act is administered through a program that is unfunded. The program is supported through appropriations made to the Construction Industries Division (CID). The Employee Leasing Act program administrator utilizes a Construction Industries Division FTE, and the salary for this position is funded from CID's budget. If the Employee Leasing Act Fund were created, CID may be able to reclaim its FTE and the budget associated with the FTE. The licensing fees collected through the Employee Leasing Program would be deposited into the Employee Leasing Act Fund. Accordingly, the Employee Leasing Program will be able to utilize the licensing fees it collects to directly administer the program. If the Employee Leasing Act Fund were created, the Employee Leasing Program may be able to seek an appropriation for any supplementary funds needed to support the program.

### **ADMINISTRATIVE IMPLICATIONS**

The Employee Leasing program is currently housed in one small (9 x 10 foot) office in the Albuquerque RLD building, where space is at a premium. If this program were properly funded, it could afford sufficient operating space in another location, where it could have adequate work, storage, and meeting space.

WEP/mt