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FISCAL IMPACT REPORT

ORIGINAL DATE 01/30/09

SPONSOR Lundstrom LAST UPDATED _____ HJM 17

SHORT TITLE Financial Institutions Affairs Committee SB _____

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Regulations and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Joint Memorial 17 requests that the New Mexico Legislative Council appoint a legislative interim "financial institutions affairs committee" to study legislative issues relating to financial institutions, including a potential reorganization of the constitutional and statutory framework for regulating financial institutions subject to state law in New Mexico, and to the interplay between federal and State Regulation of Financial Institutions to recommend appropriate actions to address relevant related issues.

This Memorial requests that the newly created legislative interim committee report its findings and make its recommendations to the legislature by November 30, 2009. Copies of this Memorial should be transmitted to the co-chairs of the New Mexico Legislative Council.

FISCAL IMPLICATIONS

This Memorial may require some travel, per-diem, compilation and manpower to form the requested committee and accomplish the committee's purposes.

SIGNIFICANT ISSUES

This Memorial states that:

- The regulatory framework for financial institutions at federal and state levels is complex and overlapping, and the extent to which New Mexico can regulate financial institutions operating in New Mexico is unclear.
- Problems arising in areas such as mortgage lending, small loans and title insurance illustrate the concern that the present regulatory framework for financial institutions at the state level may be inadequate to protect the interests of New Mexico residents.
- Because the present state regulatory framework for financial institutions in New Mexico was enacted piecemeal over the years and has not been subjected to a comprehensive review, that framework may be inefficient and conflicting and in need of a comprehensive update.
- Modern and evolving technology has given rise to new institutions, such as the internet, that may not be adequately overseen by the current regulatory framework.
- Legislation introduced during recent legislative sessions has addressed different parts of the regulatory framework for financial institutions but has not been coordinated to address the industry as a whole;

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

According to the Licensing and Regulations Department’s Financial Institutions Division, there will be no “Financial Institutions Affairs Committee” to establish and recommend a clear regulatory framework for the Financial Institutions Division.

CH/mt