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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/18/13

SPONSOR Larrañaga LAST UPDATED \_\_\_\_\_ HB 492

SHORT TITLE Resident Business Preference Requirements SB \_\_\_\_\_

ANALYST Hanika-Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Impact				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Attorney General's Office (AGO)  
 Public Regulation Commission (PRC)  
 Administrative Office of the Courts (AOC)  
 General Services Department (GSD)

#### No Response Received From

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

House Bill 477 (HB 477) amends Section 13-1-22 NMSA 1978 relating to procurement and clarifies requirements for certification to receive a resident preference for businesses previously certified and allows the TRD to suspend or revoke a preference in certain circumstances.

### FISCAL IMPLICATIONS

The bill adds language to allow TRD to revoke or suspend a preference certificate and allows a person who has filed an objection to request a hearing. The additional cost and time for TRD staff to prepare and participate in the new hearing process is unknown but should be minimal.

### SIGNIFICANT ISSUES

More specifically, Section 1 amends Section 13-1-22 NMSA 1978 and:

- deletes various kinds of preferences and makes it a generic preference
- requires a copy of a preference be submitted with each bid or proposal
- allows an affidavit from a certified public accountant, licensed attorney or enrolled agent authorized to practice before the Internal Revenue Service (IRS) to certify a business is licensed to do business in New Mexico
- provides that TRD may not only deny a preference, but revoke or suspend a preference

Section 2 adds the new language to the existing law for when the 2012 law sunsets in 2022.

### **PERFORMANCE IMPLICATIONS**

The bill adds a licensed attorney and an enrolled agent authorized to practice before the Internal Revenue Service in addition to a certified public accountant to the list of persons that may submit affidavits at the request of others applying for a resident business certificate. The bill provides that a previously certified business that obtained a new tax identification number must also meet this new requirement for certification. Finally, the bill sets out the grounds the TRD may use to deny, suspend or revoke a certificate and allows a business to request a hearing if that happens.

### **ADMINISTRATIVE IMPLICATIONS**

The GSD notes the bill clarifies language and makes the law as written easier to follow.

### **OTHER SUBSTANTIVE ISSUES**

An enrolled agent is a person who has earned the privilege of representing taxpayers before the Internal Revenue Service by passing an IRS test covering tax returns, or through experience as a former IRS employee. Enrolled agent status is the highest credential the IRS awards.

Enrolled agents, like attorneys and certified public accountants, have unlimited practice rights. This means they are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle and which IRS offices they can represent clients before.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The failure to enact the bill may result in procurements that do not reflect valid preferences.

AHO/blm