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FISCAL IMPACT REPORT

SPONSOR SPAC ORIGINAL DATE 03/09/17
LAST UPDATED _____ HB _____

SHORT TITLE Interior Design Licensure to RLD SB 456/SPACS

ANALYST Daly/Armstrong

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with HB 295

Related to SB 358

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the Attorney General (OAG)
Regulation & Licensing Department (RLD)

SUMMARY

Synopsis of Bill

The Senate Public Affairs Committee Substitute for Senate Bill 463 substantially revises the Interior Design Act (the Act). It provides eight new definitions relating to the work of licensees under the Act. It updates the requirements for licensure, which include passing of the examination administered by the national council for interior design qualifications as well as having acquired a minimum university or college degree in certain specified programs of study or substantially equivalent coursework. Alternatively, reciprocity may be granted, based on current licensing by another state, political territory or jurisdiction with equivalent or greater qualifications. Twelve hours of continuing education per year in specified subjects are required for licensure renewal.

CS/SB 456 requires the governing board adopt a seal or stamp, some specifications of which are set out in the bill, to be used by licensed interior designers on interior construction documents prepared by a licensee. Sealed or stamped plans or other documents may be submitted to a county, state, or municipal authority for the purpose of obtaining a requisite permit for an interior

design project. A new section regarding the scope of practice regulated under the Act and its relationship with the practice of architecture is added, and the purpose and an outdated section are repealed. The bill extends the sunset date of the board and the act to July 1, 2023.

The effective date of this bill is July 1, 2017.

FISCAL IMPLICATIONS

Based on data collected during the LFC sunset review process last fall, LFC staff anticipates no fiscal impact to the state.

SIGNIFICANT ISSUES

New Mexico has adopted the Sunset Act, which requires periodic review for separately administrative attached and adjunct agencies such as licensing boards. See Sections 12-9-11 through 12-9-21 NMSA 1978. Under that act, LFC is charged with conducting a public hearing, receiving testimony from the public and the head of the regulatory agency involved, and making a recommendation to the next session of the Legislature for termination or continuance of the agency. The factors to be considered at that hearing include the extent to which qualified applicants are permitted to serve the public, the extent to which the agency has operated in the public interest, statutory changes that would benefit the public, and the efficiency with which formal complaints are processed to completion.

Under existing law, the Interior Design Board was subject to sunset review at hearings in September and November 2016. At those hearings, RLD and LFC staff presented information that only 12 new licenses had been issued in the past three years, and over half the board was serving on expired terms. RLD archives contained no consumer or peer complaints, the statute does not require a license in order to provide interior design services, and RLD indicated there has been a steady decline in licenses, from 300 to 68, over the past several years. Upon recommendation of RLD, LFC staff, and the LFC's Sunset Subcommittee, LFC voted to adopt the subcommittee's report to allow this board to sunset in 2018.

As to the new sections regarding submittal of interior design plans, RLD noted in its analysis of an earlier version of this bill that there is nothing in existing statute that prohibits a licensed designer from submitting plans. Additionally, existing law may not restrict a designer who is not licensed from doing the same.

CONFLICT, RELATIONSHIP

CS/SB 456 conflicts with HB 295, the omnibus bill extending the sunset dates of the professional and occupational licensing boards that were subject to the LFC's sunset review process last fall; that bill does not include the Board of Interior Design. CS/SB 456 relates to SB 358, which adds a new section to the Act which allows a licensee to submit plans to a governmental authority in order to obtain permits.

TECHNICAL ISSUES

The phrase "minimum degree" in line 21 on page 8 is not clear; is it referring to a baccalaureate degree, or something else?

OTHER SUBSTANTIVE ISSUES

As to the provision in Section 11 that a county, municipal, or state authority shall not refuse to accept a plan or other documents submitted by a licensed interior designer for the purpose of obtaining a permit, RLD advised that the state issues building permits through RLD's Construction Industries Division (CID). However, CID does not issue permits for interior design work or any cosmetic work to a building or structure. The division's concerns and code apply strictly to life and property safety issues. Regulation 14.7.3.2 NMAC explains the limitations of the Residential Building Codes. Regulation 14.7.2.2 NMAC explains the limitations of the Commercial Building Codes. Each code specifies that the sole concern is construction, alteration, relocation, enlargement, replacement, repair, equipment, use and occupancy, location, removal, and demolition of buildings and structures and does not deal with interior design or cosmetics.

ALTERNATIVES

RLD suggested the 68 licensed interior designers in New Mexico could form a local chapter of a national interior designers' organization. That local organization could offer a credential to these and other designers for use in their practices, including in marketing materials. There are numerous national organizations, including the American Society of Interior Designers, the International Interior Design Association, and the Designer Society of America. As RLD notes, to qualify for a professional membership in ASID, a designer must pay \$485 in annual dues, provide proof of successfully passing the National Council for Interior Design Qualification (NCIDQ) exam, and take 10 credit hours of continuing education every two years. These criteria are similar to those contained in CS/SB 456 for licensure in New Mexico

MD/al/jle