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FISCAL IMPACT REPORT

SPONSOR Lente/ ORIGINAL DATE 02/07/2020
Armstrong, G LAST UPDATED _____ HB 256

SHORT TITLE Construction Industries “Contractor” SB _____

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB167

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)
 Office of the State Engineer (OSE)
 Workers’ Comp Administration (WCA)
 New Mexico Department of Agriculture (NMDA)
 Regulation and Licensing Department (RLD)
 New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of Bill

House Bill 256 amends the definition of “contractor” in the Construction Industries Licensing Act (CILA), contained in Section 60-13-3 NMSA 1978, to broaden the exemption for construction-related activities that can be performed on farm or ranch land without a contractor’s license.

More specifically, Section 1(D) expands the exemption from licensing for farm or ranch work performed for agricultural purposes such as maintaining unpaved private roads, earth works for ponds and catch tanks, water tanks for livestock, private irrigation systems, and certain pipelines using private wells. Finally, 1(A) removes the specific categories of “leveling or clearing land” and “excavating earth” and replaces those terms under the broader description of contracting.

FISCAL IMPLICATIONS

No fiscal impact, since the exempted agricultural activities do not currently require a license.

SIGNIFICANT ISSUES

HB256 adds to activities that may be completed on a farm or ranch, by a person owning or operating the ranch along with others that are paid wages, or by a person who completes work for another and only for agricultural purposes, without obtaining a contractor license. Activities include: 1) constructing or altering any building or completing electrical wiring that is not connected to an outside power source; 2) preparing land or moving earth only for purposes of agricultural production; 3) constructing, altering or repairing a private farm or ranch road that is not paved, not to be used by the general public and does not have public access; 4) maintaining a water tank that supplies water for livestock, and irrigation canals and ditches on private property, not including the power source for pivot irrigation systems; 5) earth work for a stock pond or catch tank; and 6) pipeline installation that moves water for livestock from a privately owned well, with safeguards for protecting the water source if necessary when hooked to a potable water source.

According to RLD, the term “person” in the CILA (Section 60-13-2) includes “an individual, firm, partnership, corporation, association or other organization, or any combination thereof.” Section 1(D)13 expands to more explicitly allow a “person” to perform farm or ranch work for another when the CILA currently limits such farm or ranch work to an “owner, occupier or operator.”

NMDA’s comments suggest the bill supports the sharing of labor and specialized equipment which furthers the efficiency of production for agricultural operations, and helps keep costs down.

RELATIONSHIP

SB167 also amends the definition of "contractor" as used in the CILA; and requires an individual performing casual or minor work to pay a new annual fee of \$100 to claim an exemption.

TECHNICAL ISSUES

NMAG noted the term “farm or ranch” is not defined as to size or location.

SUBSTANTIVE ISSUES

According to OSE, if a road is not maintained properly it may wash-out and affect the abutting property; and irrigation systems waste water if not constructed according to standards and codes.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The agricultural activities listed in the bill will continue to not require a license to perform.

AMENDMENTS

RLD notes if the desire is to limit D (13) to individuals supplementing their income by assisting their neighbors with the listed agricultural activities, change “person” to “individual”.

AHO/sb/al