

LFC Requester:	J. Simon
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/22/25 *Check all that apply:*
Bill Number: HB119 Original Correction
 Amendment Substitute

Sponsor: Kathleen Cates **Agency Name and Code** General Services Department - 350
Short Title: CONTRACT ADJUSTMENTS UNDER PROCUREMENT CODE **Number:** _____
Person Writing Dorothy Mendonca
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NA	NA	NA	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: AMENDING THE PROCUREMENT CODE TO PROVIDE FOR CONTRACT ADJUSTMENTS; REQUIRING THE STATE TO REQUEST ADJUSTMENTS IN REIMBURSEMENT RATES FOR HEALTH CARE.

FISCAL IMPLICATIONS

Unknown

Any increase in contract costs would be subject to agency appropriations.

SIGNIFICANT ISSUES

Section I: Adding this section to the procurement code would put an administrative burden on those state agencies receiving requests for changes to their contracts or amendments. This requirement also interferes with a basic “right to contract” in that any contract amendment is typically handled between the parties to the contract and is not a feature of the procurement code. Section I. says only that the contractor “may” request an amendment in contract amount which is no different than current contract procedures which allow contractors to request modifications to their contract for any reason, labor increases, material increases, tax increases, etc. These requests are then negotiated between the agency and the contractor taking into consideration the justification by the contractor and the agency or entity’s budget.

Additionally, there is concern over the unilateral increase of contract amounts without an increase in scope of work. This puts an across-the-board burden on all state agencies to comply with intricacies of law when it should be a matter between the contracting parties.

The responsibility and liability on State agencies to accommodate requested amendments puts the burden on State agencies to make amendment requests from the Feds within 45 days without any details as to process, such as length of time to prevail on amendment requests.

PERFORMANCE IMPLICATIONS

Unknown

ADMINISTRATIVE IMPLICATIONS

If reimbursements are determined per the procurement code, the State Purchasing Division’s Contracts Review Bureau would be charged with overseeing all professional services agreement amendments, which would add to the current workload. It is not clear how enforcement of this provision would be administered which would put State entities in the position of “advocating” on behalf of contractor. Administration of monitoring any changes in state law, which would start the clock running, would be required by the State and it is unclear of the repercussions if the amendments were not made within the 45-day period.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Unknown

TECHNICAL ISSUES

Unknown

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

Keep contract amendments as a point of bargaining between the contracting parties and not part of the procurement code, which governs fairness, equity and integrity in the procurement of goods and services.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS