

**BILL ANALYSIS AND FISCAL IMPACT REPORT**  
**Taxation and Revenue Department**

**February 26, 2025**

**Bill:** HB-358

**Sponsor:** Representative Randall T. Pettigrew

**Short Title:** Interim Admin. Rules Oversight Committee

**Description:** This bill creates the Interim Administrative Rule Oversight Committee. The committee will have 12 appointed members comprised of 3 members appointed by the majority floor leaders of each the House and Senate and 3 members appointed by the minority floor leaders of each the House and Senate. The committee is responsible for reviewing rules proposed by executive agencies, making recommendations on the rules to the proposing agency, and recommending changes to the authorizing statutes of a rule to clarify intent. The committee may also endorse legislation as necessary to amend or repeal a statute authorizing an agency to promulgate rules. The bill amends Section 14-4-5.2 NMSA 1978 to request an estimate of the cost of implementing the proposed rule, and a fiscal impact statement must be included in the cost of implementing the proposed rules if the estimated cost is greater than \$1 million.

**Effective Date:** July 1, 2025

**Taxation and Revenue Department Analyst:** Lucinda Sydow

Appropriation*		R or NR**	Fund(s) Affected
FY2025	FY2026		
--	\$2,000	NR	Legislative Council Services

\* In thousands of dollars. Parentheses ( ) indicate a revenue loss. \*\* Recurring (R) or Non-Recurring (NR).

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
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\* In thousands of dollars. Parentheses ( ) indicate a revenue loss. \*\* Recurring (R) or Non-Recurring (NR).

**Methodology for Estimated Revenue Impact:** The proposed changes in rulemaking process do not affect any revenue sources directly. The effects will mostly be seen in increased processing time before any rules or regulations are put in place, adding delay to what is already a time-consuming process.

**Policy Issues:** Rules are meant to clarify statute. In the context of the administration of taxes by the Taxation and Revenue Department (Tax & Rev), they may also give examples or filing requirements. A rule having an implementation cost near \$1 million as proposed under Section 5, subsection A (3) on page 6, would have to be overstepping that statute already in place.

Laws governing adoption of regulations already allow for significant public input, including input from legislators and other executive agencies. Similarly, legislators already have the power to amend statutes in response to regulations, including clarifying the intent of statutes authorizing regulations. The bill does not require the executive agencies to accept the recommendations of the legislative committee. Much of the bill is therefore redundant.

**[Section 6]:** The criteria for the “Fiscal Impact Statement” includes under subsection A (3) on page 8, “a HB-358

statement of whether and how the rule is consistent with the legislative intent of the authorizing statute.” In many instances, particularly for older sections of law, Tax & Rev has no way of knowing what the legislative intent may have been. All that Tax & Rev has is the language of the statute and nothing in the proposal should deviate from the language, but could deviate from the intent if that is not captured in the statute. This would be difficult to comply with.

**Technical Issues: [Section 6]:** Per the discussion under “Policy Issues”, Tax & Rev suggests that subsection A (3) on page 8, lines 6-8, be struck. Without a purpose or intention statement in the law, neither Tax & Rev nor the interim administrative rule oversight committee would be able to objectively define the legislative intent for all sections of law, in particular older statutes. In addition, Section 4, subsection A, (1) through (5), does not obligate to the interim administrative rule oversight committee a parallel requirement of whether the rule is consistent with legislative intent.

**Other Issues:** None.

**Administrative & Compliance Impact:** The implementation cost of this bill would be minimal. However, it will increase the amount of time it takes to finalize regulations during the year. Tax & Rev on average has 3 public hearings a year for new regulations (rules). In preparing the public notice under 14-4-5.2 NMSA 1978, Tax & Rev will need to add an additional step to prepare the new required estimate of the cost of implementing the proposed rule, under Section 5, subsection A (3) on page 6. The Office of the Secretary (OOS) will need to expand the job duties of certain staff to include preparing implementation costs of rules. The OOS will be able to absorb the changes under current staff workload and will adjust the processes to account for the extension of time and responsibilities in posting the public notices. The adjustment to processes will also need to factor in time to prepare a “Fiscal Impact Statement” should it be requested by the interim administrative rule oversight committee under Section 4, subsection B, on pages 4 and 5.

**Related Bills:** Relates to HB-508, Similar to SB-423