

LFC Requester:

Leger

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: February 12, 2025 Check all that apply:
Bill Number: HB358 Original Correction
 Amendment Substitute

Sponsor: Pettigrew **Agency Name and Code** New Mexico Environment
Short Title: Interim Admin. Rules Oversight Committee **Number:** Department 667
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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(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:

House Bill 358 sets up the interim Administrative Rule Oversight Committee (AROC) to review executive agency rules and make recommendations to the proposing agency, and changes to the authorizing statutes. Appropriates \$2.0 million (GF, reverting) to Legislative Council Service.

FISCAL IMPLICATIONS

The Department of Environment (NMED) would incur the cost of producing a fiscal impact statement (FIS) for a rule with an estimated cost of implementation of greater than \$1 million or upon the request of the AROC. The NMED cannot determine how many rules would be implicated by this requirement, but each FIS would incur additional costs over the NMED's current rulemaking process. The NMED may need to reallocate internal resources and/or employ the services of outside counsel or economists to comply with these requests. HB 358 could also delay rulemaking proceedings which would incur additional costs to the department.

SIGNIFICANT ISSUES

HB 358 provides for the AROC to make recommendations on a proposed rule, but the agency is not required to adopt these recommendations. A rule that is passed that did not incorporate AROC recommendations may raise questions as to the validity of the rule, create uncertainty for the public and possibly invite legal action.

The contents of an FIS required by HB 358 do not provide adequate guidance as to what impacts the state agencies should include.

The scope of rules adopted by a state agency are limited by the statutory authority provided by the legislature. HB 358 would have that statutory authority questioned during a rulemaking procedure, when the appropriate time to limit agency rulemaking authority occurs at the time the legislature provided that authority.

PERFORMANCE IMPLICATIONS

The NMED promulgates many complex rules that require lengthy rulemaking proceedings. Adding the requirement of providing FISs to the AROC may hinder the NMED's ability to complete rulemakings in a timely manner. Current NMED staff may need to be reallocated, and outside counsel or economists may need to be employed.

ADMINISTRATIVE IMPLICATIONS

HB 358 would require the NMED to allocate staff time to produce FISs, oversee third parties producing FISs and present to the AROC on proposed rules.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None identified.

TECHNICAL ISSUES

None identified.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

None identified.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

No change to current rulemaking process.

AMENDMENTS

None proposed.