

LFC Requester:

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: 2/14/2025 *Check all that apply:*
Bill Number: HB421 Original Correction
 Amendment Substitute

Sponsor: Linda Serrato **Agency Name** Economic Development
Short Title: BUSINESS SECURITY ASSISTANCE ACT **and Code** Department
Person Writing Daye Kwon **Number:** 41900
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$1,000.00	Recurring	General Fund

(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 421 (HB421) enacts the Business Security Assistance Act, establishing a rebate program where certified vendors that sell security equipment or services at a minimum 25 percent discount to businesses may receive a rebate equal to 25 percent of the sale price. The total rebate amount per business is capped at \$25,000 and is subject to available funding.

Certified vendors must be incorporated under the Business Corporation Act and operate in New Mexico, selling security equipment or providing security services. The New Mexico Regulation and Licensing Department (NMRLD) is responsible for certifying vendors who qualify for the rebate by setting performance requirements for security equipment, including standards for strength, durability, and impact resistance, as well as sensitivity and range of monitoring devices.

Security equipment includes physical barriers like fences, security doors, and window bars that restrict unauthorized entry, as well as monitoring devices that detect activity using chemistry, heat, pressure, sound, or visual imagery. It excludes drones and smart shelves used for inventory tracking. Security services refer to professional monitoring provided by a licensed private patrol company.

Certified vendors must apply for a rebate by September 1 each year using forms and procedures set by NMRLD. Applications are processed in the order received. Approved rebates are paid by December 1 of the same year, subject to fund availability.

To finance the rebates, the bill creates the “business security assistance fund” as a non-reverting fund within the state treasury. NMRLD administers the fund and receives appropriations to provide rebates. NMRLD is also responsible for submitting a report to the Legislative Finance Committee by December 1 each year, detailing the status of the business security assistance fund and the number of businesses that received a discounted sale of security equipment or service.

HB421 also creates a gross receipts tax deduction under the Gross Receipts and Compensating Tax Act for certified vendors that sell discounted security equipment or services to businesses to improve security at a physical, nonresidential location in New Mexico where business is conducted. Taxpayers allowed a deduction are required to report the amount of the deduction separately as required by the Taxation and Revenue Department. The deduction is included in the tax expenditure budget, along with the annual aggregate cost of the deduction.

The bill transfers one hundred million dollars (\$100,000,000) from the general fund to the business security assistance fund. It also appropriates one million dollars (\$1,000,000) from the general fund to NMRLD each fiscal year, starting in 2026, to implement the Business Security Assistance Act. Any unexpended or unencumbered balance remaining at the end of

a fiscal year does not revert to the general fund.

The provisions of this bill take effect on July 1, 2025, and are set to be repealed on July 1, 2028.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

HB421 supports business investment in security by incentivizing vendors to provide security equipment and services at a discounted price through rebates and tax deductions, making security investments more accessible. This could be particularly beneficial for small businesses, which often face financial constraints in implementing security measures.

By reducing costs, the bill can encourage businesses to invest in security, particularly in high-risk areas, potentially helping prevent crime-related closures and contributing to the revitalization of struggling commercial districts. A safer environment could also strengthen business operations and lead to greater customer and employee activity.

Additionally, HB421 may stimulate the security industry and job growth by increasing demand for security products and services, benefiting certified vendors, manufacturers, and private security providers.

In the long term, HB421 could contribute to economic stability by influencing property values, attracting private investment, and lowering insurance costs. While the bill primarily supports vendors, its broader impact can extend to businesses investing in security, which could help strengthen the local economy by fostering a safer and more stable business environment.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS