

<b>LFC Requester:</b>	<b>Noah Montano</b>
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**AGENCY BILL ANALYSIS  
2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

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*{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}*

*Check all that apply:*

**Original**  **Amendment**   
**Correction**  **Substitute**

**Date** March 3, 2025

**Bill No:** HB 421 [HCEDC Sub.]

**Sponsor:** Rep. Serrato  
**Short Title:** Business Security Assistance Act

**Agency Name and Code** Regulation and Licensing Department - 420  
**Number:** \_\_\_\_\_  
**Person Writing** Kevin Graham  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
None	4,000	Nonrecurring	General
	Transfer to new Business Security Assistance Fund: 100,000	Nonrecurring	General

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
None	None	None	None	None

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		2,560	0	2,560	Nonrecurring	General

		920	920	1,840	Recurring	General
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(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: n/a

Duplicates/Relates to Appropriation in the General Appropriation Act: n/a

**SECTION III: NARRATIVE**

**BILL SUMMARY** for House Commerce & Economic Development Committee Substitute for House Bill 421 (CEDC Sub. HB 421):

CEDC Sub. HB 421 creates a new act titled the Business Security Assistance Act (Act) that establishes a new non-reverting Business Security Assistance Fund (Fund) for the purposes of providing monetary rebate payments or deduction from gross receipts payments to qualifying “certified vendors” who provide security services or sell qualifying security equipment at a discounted rate of at least 25% to business owners in New Mexico. The New Mexico Regulation and Licensing Department (RLD) will administer the Fund.

To qualify for the rebates or deductions to gross receipts payments under the Act, a security vendor must be certified by the RLD and the security equipment sold must meet performance measures to be established by the RLD (such as impact resistance for physical barriers, and sensitivity and range detection for monitoring devices). The total aggregate amount of a rebate paid to a certified vendor for sales made to the same business shall not exceed twenty-five thousand dollars (\$25,000), provided there is sufficient funding available in the Fund to pay the rebate. Certified vendors may apply to the RLD for rebates on or before September 1 of each year and rebate payments are to be made to certified vendors on or before December 1 of each year. Applications for rebates will be considered in the order they are received and payments of rebates will be subject to the availability of funds in the Fund. Disbursements from the fund (the actual rebate payments) shall be made on a warrant of the Secretary of Finance and Administration pursuant to vouchers signed by the Superintendent of the RLD.

As compared to the original bill, Section 2 of CEDC Sub. HB 421 more closely defines terms including “certified vendor” and “security equipment”.

Section 7 of CEDC Sub. HB 421 adds a new section to the Gross Receipts and Compensating Tax Act to provide that a certified vendor’s receipts from the selling of discounted security equipment or security services to a business to improve security at a physical, nonresidential location in New Mexico where business is conducted, including a real estate development site or other space, may be deducted from gross receipts. The substitute bill includes additional reporting requirements and qualifications for eligibility for those seeking deductions under this provision.

CEDC Sub. HB 421 includes additional language at Section 8 concerning the one hundred million dollars (\$100,000,000) appropriated from the General Fund to the Business Security Assistance Fund in FY26 to specify that this appropriation will be used to fund expenditures under the new Act for fiscal years 26 through 28. Any funds remaining at the end of FY28 shall revert to the General Fund.

Section 9 of CEDC Sub. HB 421 increases the appropriation to the RLD to four million dollars (\$4,000,000) for expenditure in FY26 and subsequent years to implement the new Act. Any unexpended or unencumbered balance remaining from this appropriation at the end of a fiscal year shall not revert to the General Fund.

**ORIGINAL BILL SUMMARY**     Synopsis: House Bill 421 (HB 421)

HB 421 creates a new act titled the Business Security Assistance Act (Act) that establishes a new non-reverting Business Security Assistance Fund (Fund) for the purposes of providing monetary rebate payments to qualifying “certified vendors” who provide security services or sell qualifying security equipment at a discounted rate of at least 25% to business owners in New Mexico. The New Mexico Regulation and Licensing Department (RLD) will administer the Fund.

To qualify for the rebates to be issued under the Act, a security vendor must be certified by the RLD and the security equipment sold must meet performance measures to be established by the RLD (such as impact resistance for physical barriers, and sensitivity and range detection for monitoring devices). The total aggregate amount of a rebate paid to a certified vendor for sales made to the same business shall not exceed twenty-five thousand dollars (\$25,000), provided there is sufficient funding available in the Fund to pay the rebate. Certified vendors may apply to the RLD for rebates on or before September 1 of each year and rebate payments are to be made to certified vendors on or before December 1 of each year. Applications for rebates will be considered in the order they are received and payments of rebates will be subject to the availability of funds in the Fund. Disbursements from the fund (the actual rebate payments) shall be made on a warrant of the Secretary of Finance and Administration pursuant to vouchers signed by the Superintendent of the RLD.

Section 6 of HB 421 requires that the RLD shall annually submit a report to the Legislative Finance Committee detailing the status of the Fund and the number of businesses who received a discounted sale of security equipment or security service.

Section 7 of HB 421 adds a new section to the Gross Receipts and Compensating Tax Act that allows taxpayers who improve security at a physical, nonresidential location where business is conducted to be eligible for a tax deduction. The taxpayer shall report the amount of deduction separately in a manner required by taxation and revenue department.

Section 8 of HB 421 provides that one hundred million dollars (\$100,000,000) will be transferred from the General Fund to the Business Security Assistance Fund in FY26 to establish the initial balance of the Fund.

Section 9 of HB 421 makes an appropriation of one million dollars (\$1,000,000) to the RLD for expenditure in FY26 to implement the Act. Any unexpended or unencumbered balance remaining from this appropriation at the end of a fiscal year shall not revert to the General Fund.

**FISCAL IMPLICATIONS**

**SIGNIFICANT ISSUES**

CEDC Sub. HB 421 will require the RLD to develop an integrated application and certification system to process applications for certification of security companies and security products, as

well as to accept and process applications for rebates and certification for deductions. Based on the RLD's experience in development and implementation of electronic application and licensing systems in recent years (the RLD's "NM Plus" licensing system based on the Salesforce software platform), development and implementation costs for the system necessary to implement CEDC Sub. HB 421 will cost two million five hundred thousand dollars (\$2,500,000) in FY 26.

CEDC Sub. HB 421 will require RLD to contract with individuals or companies with expertise concerning security equipment to establish the initial performance requirements for equipment eligibility under the rebate program. The security equipment performance requirements will need to be periodically reviewed and updated through contracted professional services to account for new products entering the marketplace and other products becoming outdated or unavailable. Initial professional services contracting expenses for these purposes are estimated at sixty thousand dollars (\$60,000), with the need for recurring professional services contract expenses of approximately forty-five thousand dollars (\$45,000) per year. It is estimated that two (2) full-time equivalent (FTE) positions will be necessary to manage the ongoing security service and security equipment certification program once it is operational at cost of one hundred and fifty thousand dollars (\$150,000) per year. Administration of the ongoing vendor certification and rebate application/approval processes will require the addition of two (2) FTE positions in the Administrative Services Division of the RLD at a cost of two hundred twenty-five thousand dollars (\$225,000) per year. Licensing fees for a Salesforce-based licensing application and approvals system, based on current pricing for similar systems utilized by the RLD, will cost approximately five hundred thousand dollars (\$500,000) per year.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Businesses in the state of New Mexico face a variety of challenges to succeed in the modern economy. As has been well-documented, financial losses suffered by businesses due to property damage and theft are near constant stressors on businesses bottom-lines across the state. While law enforcement officers and agencies are doing all they can to combat criminal operators who endanger and undermine businesses, the ability of businesses to obtain discounted private patrol security services and effective security equipment could make the difference between a business thriving or being forced out of operation. Businesses having access to affordable and capable security services and security equipment to protect their facilities, merchandise, employees and customers would not just aid a business, but the community at large. Without the enactment of CEDC Sub HB 421, many businesses in New Mexico will continue to be unable to afford to employ qualified security services or purchase effective security equipment to protect their business locations. The RLD stands ready to carry out the duties to be assigned to the Department by CEDC Sub HB 421 and do its part to help businesses in New Mexico thrive.

## **AMENDMENTS**

Please see the “Performance Implications” section, above.