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| LFC Requester: | Emily Hilla |
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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: 2/5/2025 *Check all that apply:*
Bill Number: S 267 Original Correction
 Amendment Substitute

Sponsor: Linda Trujillo **Agency Name and Code:** N/A
Housing Application Fees **Number:** _____
Short Title: _____ **Person Writing:** Taylor Cook
Phone: (505)469-2755 **Email:** Taylor.cook@exec.nm.gov

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 | NA | NA | NA | NA | NA | NA |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

SECTION III: NARRATIVE

BILL SUMMARY

This bill would amend the Uniform Owner-Resident Relations Act to create a definition of an applicant, clarify that rent does not include fees or utilities, and create a definition for screening fees. It changes the allowable late fees from ten to five percent of the rent for each rental period that the resident is in default. The bill also creates new sections in the Uniform Owner-Resident Relations Act to:

- Require rental property owners to disclose all terms of the rental agreement in the listing of a unit including the base rent and all fees;
- Cap screening fees at \$50 and require that the owner provide notice of the fees,
- Prohibits the owner from charging fees on units that are unavailable;
- Require owners to provide a written receipt, screen and accept or decline applicants as they apply, and not charge other fees at the time of application;
- Require owners to return the fee under certain circumstances and specify how the fee is to be returned;
- Allow owners to require a background check prior to the execution of a lease and to charge for these checks if the applicant cannot provide a copy of the report themselves; and
- Require rental property owners to provide notice of fee increases to their tenants at least 60 days prior to the renewal period.

The act will also expand remedies for tenants by creating a right to sue if screening fees are improperly charged and adding a section that allows the attorney general to bring action against owners under the Unfair Practices Act.

FISCAL IMPLICATIONS

NA

SIGNIFICANT ISSUES

Fees are increasingly becoming a profit center for rental property owners and without regulation they can be applied without notifying the tenant and providing an opportunity to refuse or negotiate. A number of states have acted to address excessive or unfair fees. This bill is largely consistent with recommendations from the National Consumer Law Center.¹

PERFORMANCE IMPLICATIONS

NA

ADMINISTRATIVE IMPLICATIONS

NA

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

NA

TECHNICAL ISSUES

NA

OTHER SUBSTANTIVE ISSUES

NA

¹ https://www.nclc.org/wp-content/uploads/2024/09/202409_Report_What-the-Heck-Dude.pdf

ALTERNATIVES

Recommendations from NCLC around late fees specify that the fee should only apply to the portion of rent that is unpaid. As it stands, this bill would allow the full 5% to be levied which could surpass the portion of the rent that is overdue.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Rental property owners will be allowed to charge excessive and hidden fees. This compromises an applicant or tenant's ability to understand the full cost of renting. This is an annoyance for many consumers and for people living on a fixed income or voucher it can compromise their ability to find a suitable unit or maintain their tenancy.

AMENDMENTS

The sponsor should consider strengthening the late fee requirement to apply only to the outstanding balance of rent in an applicable time period.