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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Chandler</u>	<b>LAST UPDATED</b> <u>2/8/24</u> <b>ORIGINAL DATE</b> <u>1/30/24</u>
<b>SHORT TITLE</b> <u>Magistrate as Court of Record</u>	<b>BILL NUMBER</b> <u>House Bill 102/aHJC/aHAFC</u>
<b>ANALYST</b> <u>Daly</u>	

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

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
AOC			Up to \$247.9	Up to \$247.9	Nonrecurring	General Fund
AOC			Up to \$147.4	Up to \$147.4	Recurring	General Fund
<b>Total</b>			<b>Up to \$395.3</b>	<b>Up to \$395.3</b>		<b>General Fund</b>

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
 Administrative Office of the Courts (AOC)  
 New Mexico Attorney General (NMAG)

## SUMMARY

### Synopsis of HAFC Amendment to House Bill 102

The House Appropriations and Finance Committee amendment to House Bill 102 strips the \$300 thousand dollar appropriation made in Section 7 from this bill.

### Synopsis of HJC Amendment to House Bill 102

The House Judiciary Committee amendment to House Bill 102 adds an action brought under the Mobile Home Park Act (which applies to a mobile homeowner who is renting space in a mobile home park) as another exception to the provisions of this bill making a magistrate court a “court of record.”

### Synopsis of Original House Bill 102

House Bill 102 (HB102) makes magistrate courts, with one exception, a “court of record,” which means all proceedings are recorded so that an appellate record is created for review by the Court of Appeals in the event there is an appeal. That appeal is on that record. A magistrate court will

continue to not be a court of record for civil actions brought under the Uniform Owner-Resident Relations Act and the Mobile Home Park Act. In such a case, an appeal is taken to the district court, and shall be de novo (“from the beginning”) and tried anew in that court on its merits.

The effective date of this bill is July 1, 2025.

## **FISCAL IMPLICATIONS**

In 2022, AOC provided preliminary estimates of total nonrecurring costs for audio recording technology of \$247.9 thousand and on-going licensing and other recurring costs of \$147.4 thousand. As some magistrate courts are already equipped with audio recording technology, that estimate is likely higher than actual costs may be.

## **SIGNIFICANT ISSUES**

AOC summarizes the significance of HB102:

Putting magistrate courts on the record means that all proceedings will be recorded utilizing audio recording equipment, and that trained court personnel will ensure proper recording protocols are implemented. Currently, without an official record of the proceeding, an appeal of a magistrate court decision goes the district court for a de novo trial. A de novo, or new “from the beginning”, trial is needed because no record exists that can be reviewed upon an appeal. One primary result of implementing on-record proceedings is that appeals from the magistrate court will proceed directly to the Court of Appeals. Bypassing a second “new” trial in the district court will save administrative time and resources on the appeals of on-the-record decisions, because the appellate court will only have to review the record of the proceedings in the magistrate court, rather than conduct an entirely new trial. On-record proceedings will also eliminate additional layers of appeal, by removing the district court from the appeal process.

Importantly, on-record proceedings should promote professionalism and improved performance of the magistrate courts, because judges will be aware that their instructions, directions, exchanges with parties, and decisions are being recorded and subject to analysis and review.

AOC also explains the exception for landlord-tenant cases:

These cases have shorter statutory deadlines for disposition and appellate review, due to the time-sensitive nature of the housing issues involved. So, although the overall appellate process will be more efficient for on-the-record cases, the Court of Appeals would be challenged to comply with statutory deadlines for timely review of landlord tenant cases, which could impede resolution of important housing rights disputes. The district court is in a better position to review those cases on a more expedited basis, under the current non-record review procedures.

According to AOC, the delayed effective date will allow the Supreme Court to consider and adopt rules for on-the-record hearings in magistrate courts, as well as changes that may be necessary in rules governing appellate procedures.

## **PERFORMANCE IMPLICATIONS**

There will be fewer appeals heard in the district court in trials de novo, and more appeals heard by the Court of Appeals. AOC reports that the Court of Appeals should be able to absorb on-the-record appeals from magistrate courts.

## **ADMINISTRATIVE IMPLICATIONS**

AOC believes overall administrative performance of the courts will improve under HB102 because it removes an additional layer of trials in de novo in district courts.

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