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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Bill 153

**SHORT TITLE:** Procurement Changes

**SPONSOR:** Padilla

**LAST UPDATE:** 1/26/2026      **ORIGINAL DATE:** 1/26/2026      **ANALYST:** Hanika-Ortiz

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

Agency/Program	FY26	**FY27	**FY28	**3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
GSD	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal		Recurring	General Fund
State Agencies	No fiscal impact	Indeterminate, likely modest	Indeterminate, likely modest		Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

\*\*Effects on pricing unclear, from provisions that increase thresholds and terms that may reduce competition.

Relates to House Bill 229

### Sources of Information

LFC Files

LFC Program Evaluation Unit Report: Obtaining and Maximizing Value in State Procurement, October 2021

### Agency or Agencies Providing Analysis

General Services Department

Department of Cultural Affairs

State Ethics Commission

Early Childhood Education & Care Department

## SUMMARY

### Synopsis of Senate Bill 153

Senate Bill 153 (SB153) proposes a number of changes to the state Procurement Code in NMSA Chapter 13. The bill applies to most state agencies and local public bodies when spending state appropriations or public funds on tangible goods, services, or construction. If a purchase involves expenditure of federal funds, procurements continue to be subject to federal regulations.

Section 1 requires resident businesses, when proving residency, to exclude the motor vehicle excise tax. This bill also reduces the tax paying years needed to qualify from 3 years to one year.

Sections 2, 3, 4 add definitions for terms *best obtainable price*, *notice of invitation for solicitation*, and *notice of request for proposal*. Section 5 also replaces the definition for *small business* from \$1.5 million in sales volume to as provided under the federal Small Business Act.

Section 6 moves sealed bid opening processes to Section 13-1-107 NMSA 1978, alongside requirements for invitation-to-bid processes.

Section 7 allows state and local public bodies to have a backup procurement officer (CPO), and no longer requires GSD to establish a CPO training program but requires GSD to maintain one.

Section 8 requires exemption determinations to include the facts relied upon; increases the exemption for purchases requiring prepayment to \$100,000 (from \$10,000); excludes marketing purchases from the advertising exemption; and raises the threshold for purchases that may bypass the state purchasing agent to \$10,000 (from \$1,500).

Section 9 allows competitive sealed bids to be published in two newspapers, as opposed to three, in addition to the existing option to publish electronically on a publicly facing website.

Section 10 increases the threshold when posting an invitation-to-bid, from \$20,000 to \$100,000.

Section 11 corrects Procurement Code citations and strikes a specific reference to resident manufacturers in guidelines for handling an identical low-bid submission.

Section 12 allows GSD to delegate sufficiency reviews of professional services contracts.

Section 13 increases the small purchase exception for use of competitive sealed bids, from \$60,000 to \$100,000; and increases the amount under a direct purchase order, from \$20,000 to \$60,000.

Section 14 extends a sole source contract to four years, including all renewals.

Section 15 shortens the period to protest a sole source contract, from 30 days to 15 days.

Section 16 eliminates the threshold of \$25,000 if requiring cost or pricing data for a contract.

Section 17 increases the maximum term for multi-year contracts under \$25,000 and multi-year professional services contracts, to 8 years from 4 years, including all revisions and renewals.

Section 18 increases the maximum term for multi-year architectural and engineering (A/E) contracts to eight years (from four years); increases the term for construction-related A/E contracts to ten years (from three years); and extends to eight years (from four years) the period during which an A/E firm may hold up to \$15 million in contracts. The section also suspends statutory monetary and term limits during a gubernatorial disaster declaration or state of emergency, and for up to two years to support recovery efforts.

Section 19 clarifies that rules for acquiring appraisals and buying used items such as heavy road equipment apply to all governmental entities subject to this section, not just counties.

Section 20 allows prepayments to childcare assistance businesses, if there is undue hardship.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

## FISCAL IMPLICATIONS

Some agencies report that the relatively low thresholds under current law require more frequent and costly procurement processes for minor needs. Other agencies report that the term extensions proposed in the bill would support continued relationships with effective vendors and reduce administrative burden by requiring fewer solicitations.

The change in the definition of small business could influence bid pricing and overall contract costs, either up or down. The state would no longer be required to apply a \$1.5 million sales threshold. This change may place small and less-resourced businesses in competition with much larger firms that would now qualify as small under the federal definitions. New Mexico may want to recognize two definitions, one for state buying and one for federal procurement purposes.

The bill increases the threshold before competitive sealed bids are required, from \$20,000 to \$100,000, and before small purchases must be competitively bid, from \$60,000 to \$100,000. This achieves administrative efficiencies but may increase the use of procurement methods with less oversight. Businesses may rely on public notices to identify state contracting opportunities.

The bill allows prepayment for childcare services under certain circumstances. This requires greater oversight but may increase capacity in the childcare system for small and rural providers.

The bill suspends certain dollar thresholds for up to two years following disasters and emergency declarations. While this may expedite the state's responsiveness, the additional authority over such a prolonged period may result in higher procurement costs and administrative challenges.

## SIGNIFICANT ISSUES

Senate Bill 153 updates and amends the state's Procurement Code, which governs how the state buys most goods and services. The changes include new exceptions, increased dollar thresholds, extended contract terms, and accelerated timelines. The bill adds an exception for prepayment for childcare assistance contracts, if due to "customary business practices" or hardship, money to successfully operate is necessary up front. For other times prepayments are requested, it increases the exemption threshold from \$10,000 to \$100,000. The bill also clarifies only procurement officers may exempt a purchase and requires the facts relied upon to make each determination.

Under looser restrictions, the bill increases the threshold to \$100,000 for some small purchases subject to the Procurement Code but not competitively bid; doubles the multi-year limits for sole source, professional services, multi-year A/E services, and small contract amounts; and more than triples the multi-year limit for construction contracts to 10 years. The bill also raises the cap for small purchases not subject to CPO review and increases the dollar threshold for posting ITBs.

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For agencies, the bill cuts in half the required time to post a sole source contract, to 15 days, which means fewer days for protests; allows two CPOs, one as back-up; clarifies an advertising exemption and rules for buying used; and reduces publishing requirements for certain bid postings.

The bill also reduces the documentation required to qualify for resident business certification by requiring only one tax year to qualify, which will ease hurdles for small and micro businesses.

## **ADMINISTRATIVE ISSUES**

Changes to procurement procedures and rules may involve one-time and recurring operational costs until rules are in practice and CPOs are trained. GSD did not request funding. Additionally, the State Ethics Commission enforces the Procurement Code and does not expect workload to be affected.

The bill extends sole source terms that contradict the one-year term the Department of Finance and Administration has in practice. This reduces costs by eliminating the need for rebidding but may also increase justification challenges. This may also commit the state to one vendor or solution.

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

This bill in part conflicts with House Bill 229, Transparency in Government Contracting, to enforce certain public disclosure requirements, and invalidates contracts if they are not followed.

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