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FISCAL IMPACT REPORT

SPONSOR <u>Garratt</u>	LAST UPDATED _____
	ORIGINAL DATE <u>1/29/24</u>
SHORT TITLE <u>Lobbying Activity Report Requirements</u>	BILL NUMBER <u>House Bill 85</u>
	ANALYST <u>Hilla</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
SOS		\$20.0 to \$30.0		\$20.0 to \$30.0	Nonrecurring	General Fund

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

Sources of Information

LFC Files
 National Conference of State Legislatures (NCSL)

Agency Analysis Received From
 Secretary of State (SOS)
 Administrative Office of the Court (AOC)
 New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of House Bill 85

House Bill 85 (HB85) amends the Lobbyist Regulation Act (Section 2-11-7 NMSA 1978) to require an activity report be filed with the Secretary of State before the end of the legislative session that includes the specific legislation lobbied and the position taken. For filed legislation, the report shall be included on the bill's web page on the Legislature's website. The bill contains a provision to extend the filing deadline if lobbying is conducted after the adjournment of the legislative session, extending to the deadline for the governor to act on legislation.

The effective date of this bill is January 1, 2026

FISCAL IMPLICATIONS

The Secretary of State notes that a new module would be required for their existing lobbying reporting system. The one-time nonrecurring cost is estimated at \$20 thousand to \$30 thousand in FY25 based on discussions and collaboration with the agency's implementation vendor.

The Administrative Office of the Court states there will be a minimal administrative cost for statewide update, distribution, and documentation of statutory changes. Any fiscal impact on the judiciary would be proportional to the enforcement of the bill, which could include petitions to the court for subpoenas and applications for others related to investigations by the State Ethics Commission. AOC notes, “New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.”

SIGNIFICANT ISSUES

AOC notes the following existing laws concerning lobbyists and lobbying activity:

- Section 2-11-9 NMSA 1978 provides a fine of up to \$5,000 and a potential revocation of a lobbyist’s registration or the enjoining of lobbying activities for up to three years for any person who knowingly and willfully violates any of the provisions of the Lobbyist Regulation Act, in addition to any other penalties that may be assessed.
- Additionally, Section 2-11-8.3 NMSA 1978 provides the State Ethics Commission with jurisdiction to investigate and adjudicate a complaint alleging a civil violation of a provision of the act. Section 10-16G-10 NMSA 1978, within the State Ethics Commission Act, permits the commission to petition a district court for a subpoena to obtain testimony or the production of tangible evidence and for an order enforcing the subpoena and compelling compliance.
- Section 2-11-8.2(E) NMSA 1978 permits the SOS to file a court action to remit outstanding fines for good cause.

Following the National Conference of State Legislatures (NCSL), most states require lobbyists and their employers to submit periodic disclosure reports. Only a handful of states require lobbyists and lobbyist employers to disclose the position taken as outlined in this bill.

ADMINISTRATIVE IMPLICATIONS

SOS says, in order to meet the requirements laid out in the bill, the effective date of January 1, 2026, would be necessary to implement the critical lobbyist disclosure system enhancements, staff training, and public outreach. By adding additional reporting requirement, SOS will have additional administration duties, so full funding of elections staff is necessary to keep up with the extended volume of work.

PERFORMANCE IMPLICATIONS

AOC says the bill may have an impact on the measures of the district courts in cases disposed of as a percent of cases filed and the percent change in case filings by case type.

EH/rl/hg/al