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FISCAL IMPACT REPORT

SPONSOR Lujan, B DATE TYPED 03/04/05 HB 849/aHBIC/aHF1#1

SHORT TITLE Legal Notice & advertisement Statutory Rate SB _____

ANALYST Ford

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			Minimal See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)

Attorney General (AGO)

Department of Corrections (NMCD)

Public Education Department (PED)

SUMMARY

Synopsis of HF1#1

House Floor amendment #1 strikes the provisions of the bill that set the rate for legal notices and advertisements and restores the language from existing law that directs the secretary of general services to establish the rate. The amendment adds a provision requiring the secretary to make every effort to keep the costs of legal notices and advertisements within the budget constraints of state and local governments. In addition, the amendment inserts a new provision requiring the secretary to report annually to the legislature on the rates and if there has been a rate increase or a request for a rate increase. The secretary shall include in this report the reason for any rate increase or requested increase.

Synopsis of HBIC Amendment

The House Business and Industry Committee amendment adds a discount of 15% for the first insertion and subsequent insertions for legal notices and advertisements submitted in a format that is acceptable to the publisher and will reduce typesetting time for the newspaper by provid-

ing legal ad copy on a computer disk, via computer modem, or presented camera-ready.

Synopsis of Original Bill

House Bill 849 establishes the rate the state will pay for legal notices or advertisements that are required by law or court order at \$0.396 for each column line of 8-point or smaller type for the first insertion, and \$0.317 per line for each subsequent insertion. All emblems, display headings, rule work and necessary blank space shall be calculated as solid type.

Significant Issues

Current law requires this rate to be set through regulation by the secretary of general services, taking into account changes in economic conditions within the newspaper industry, the general economy and inflation. Rule 1.4.4 NMAC establishes the current rate as \$0.44 for each column line of 8 point or smaller type for the first insertion and \$0.352 per line for each subsequent insertion. A discount of 15% shall be applied to ads submitted in specified electronic or camera-ready format. This rule provides for an annual review of the rates to ensure that the rate reflects and maintains a current and reasonable rate to be paid to newspaper publishers. This rate has been in effect since February, 1999.

The rate established by the bill represents a 10% reduction on the current rate established by regulation. However, the bill does not include any provisions for the discount applicable to electronic or camera-ready submissions. Thus the bill's rate is higher than the discounted rate in regulation.

The bill does not provide any process for regular review or increase of rates.

FISCAL IMPLICATIONS

The bill's fiscal impacts are difficult to determine since, in some instances, the advertising rate will be higher than the current rate and in other cases, it will be lower. The total impact is likely to be minimal.

POSSIBLE QUESTIONS

What is the deficiency in the current regulatory process that necessitates the statutory establishment of rates?

Should the bill provide for some kind of regular review of rates or be tied to inflation?

EF/yr:lg