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## F I S C A L   I M P A C T   R E P O R T

SPONSOR Papen      ORIGINAL DATE 2/27/17  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE Interior Design Permit Plans      SB 358  
ANALYST Armstrong \_\_\_\_\_

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

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			See narrative		Recurring	RLD operating budget

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Regulation & Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 358 (SB358) adds a provision to the Interior Designers Act allowing a licensee to submit plans to a governmental authority in order to obtain permits. Governmental authority includes county, municipal, or a state authority. The bill makes it mandatory for a county, municipal, or state authority to accept the submitted documents unless the signature, stamp or seal is missing or the documents do not conform to standards set by the board.

### FISCAL IMPLICATIONS

RLD reports that an appropriation from the general fund may be required for the continued operation of the board even as an advisory board. The agency notes it may be required to engage in an extensive rule-making process for the purpose of creating a regulatory scheme that allows for the 68 interior designers that are currently licensed to submit signed plans. RLD anticipates the expenses of this board, including assisting in that rule-making process, are expected to surpass any revenues.

## **SIGNIFICANT ISSUES**

New Mexico has adopted the Sunset Act, which requires periodic review for separately administrative attached and adjunct agencies such licensing boards. See Sections 12-9-11 through 12-9-21 NMSA 1978. Under that act, LFC is charged with conducting a public hearing, receiving testimony from the public and the head of the regulatory agency involved, and making a recommendation to the next session of the Legislature for termination or continuance of the agency. The factors to be considered at that hearing include the extent to which qualified applicants are permitted to serve the public, the extent to which the agency has operated in the public interest, statutory changes that would benefit the public, and the efficiency with which formal complaints are processed to completion.

Under existing law, the interior design board was subject to sunset review at hearings in September and November 2016. At those hearings, RLD and LFC staff presented information that only 12 new licenses had been issued in the past three years, and over half the board was serving on expired terms. RLD archives contained no consumer or peer complaints, the statute does not require a license in order to provide interior design services, and RLD indicated there has been a steady decline in licenses, from 300 to 68, over the past several years. Upon recommendation of RLD, LFC staff, and the LFC's Sunset Subcommittee, LFC voted to adopt the subcommittee's report to allow this board to sunset in 2018.

RLD analysis notes:

It is unclear from the bill what kind of a permit is required and what benefit this new requirement would provide to New Mexicans. This may require all local and state government entities that provide some type of construction license to create an entire new permit to comply with this legislation, and the new permit may or may not be used. The bill language is unclear and ambiguous as to how all of this would be accomplished.

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The state issues building permits through RLD's Construction Industries Division (CID). However, CID does not permit interior design work or any cosmetic work to a building or structure. According to NMSA 1978, § 60-13-1.1 the purpose of CID and CID is to "promote the general welfare of the people of New Mexico by providing for the life and property safety. The division's concerns and code apply strictly to life and property safety issues. Regulation 14.7.3.2 NMAC explains the limitations of the Residential Building Codes. Regulations 14.7.2.2 NMAC explains the limitations of the Commercial Building Codes. Each code specifies that the sole concern is construction, alteration, relocation, enlargement, replacement, repair, equipment, use and occupancy, location, removal and demolition of buildings and structures and does not deal with interior design or cosmetics.

JA/sb