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SENATE BILL 125

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

INTRODUCED BY

Bill Tallman and Joy Garratt and Debra M. Sariñana

AN ACT

RELATING TO PUBLIC OFFICERS; ENACTING THE DISCLOSURE ACT;
REQUIRING PERSONS HOLDING OR SEEKING A POSITION OF DUTY, TRUST
OR AUTHORITY WITH THE STATE TO FILE ANNUAL DISCLOSURES RELATED
TO EMPLOYMENT, INCOME, ASSETS AND LIABILITIES, PROFESSIONAL
LICENSES, GIFTS AND PROCUREMENT; PROVIDING DUTIES; REQUIRING
RETENTION AND PUBLIC INSPECTION; PROVIDING RULEMAKING
AUTHORITY; ESTABLISHING FINES; CREATING A PENALTY; RENAMING THE
"FINANCIAL DISCLOSURE ACT" THROUGHOUT THE NMSA 1978 THE
"DISCLOSURE ACT"; REPEALING THE FINANCIAL DISCLOSURE ACT,
SECTIONS 10-16A-1 THROUGH 10-16A-9 NMSA 1978 (BEING LAWS 1993,
CHAPTER 46, SECTIONS 39 THROUGH 45, LAWS 1995, CHAPTER 153,
SECTION 25 AND LAWS 2021, CHAPTER 109, SECTION 21, AS AMENDED).

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1

1	through 15 of this act may be cited as the "Disclosure Act".
2	SECTION 2. [NEW MATERIAL] DEFINITIONSAs used in the
3	Disclosure Act:
4	A. "beneficially owned" means a beneficiary's
5	interest in trust property;
6	B. "business entity" means a corporation, business
7	trust, estate, trust, partnership, limited liability company,
8	association, joint venture or any legal or commercial entity;
9	C. "controlled" means the ability of a person,
10	through share ownership or other means, to make changes in the
11	management of a business entity or to appoint persons who will
12	control the management of that business entity;
13	D. "dependent children" means any natural or
14	adopted children of a reporting individual who are under the
15	age of eighteen and living in the household of the reporting
16	individual;
17	E. "disclosure statement" means a statement on a
18	form prepared by the secretary of state for purposes of
19	compliance with the Disclosure Act;
20	F. "employer" means a person that hires or pays
21	another person in exchange for work;
22	G. "employment" means providing work to another
23	person in exchange for compensation;
24	H. "income" means the money or other form of
25	payment that a person receives from labor or services,
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including from employment, a business entity, contracts, goods or services rendered and investments;

- I. "office" means a position of duty, trust or authority;
- J. "ordinary consumer debt" means a personal debt that is owed as a result of purchasing goods that are used for individual or household consumption, including credit card debt and auto loans:
 - K. "person" means an individual or business entity;
- L. "public agency" means a department, commission, council, board, committee, agency or institution of the executive or legislative branch of state government or a political subdivision of the state or an instrumentality of the state or of a political subdivision of the state;
- M. "professional license" means a certificate,
 permit or other authorization required by law for an individual
 to engage in a regulated profession or occupation;
 - N. "reporting individual" means:
- (1) a person holding an elected office in the legislative or executive branch of state government;
 - (2) a state agency head;
- (3) a person whose appointment to a board or commission is subject to confirmation by the senate;
- (4) a member of the insurance nominating
 committee;

1	(5) a member of the state ethics commission;					
2	and					
3	(6) a candidate for a legislative or statewide					
4	elected office; and					
5	O. "state agency head" means the person who has the					
6	ultimate responsibility for exercising the powers of or					
7	expending the appropriated funds of a department, institution,					
8	board, bureau, commission, district or committee of government					
9	of the state of New Mexico, including of the legislative and					
10	judicial branches of the state.					
11	SECTION 3. [NEW MATERIAL] DISCLOSURE STATEMENT REQUIRED					
12	WHO MUST FILE					
13	A. A reporting individual, other than a candidate					
14	for a legislative or statewide elected office, shall file with					
15	the secretary of state a disclosure statement:					
16	(1) within thirty days of appointment or					
17	election to the office held by the reporting individual;					
18	(2) after the year of appointment or election,					
19	during the month of January every year that the person holds					
20	the office; and					
21	(3) upon leaving the office.					
22	B. A person who files to be a candidate for a					
23	legislative or statewide elected office shall file a disclosure					
24	statement at the time of filing a declaration of candidacy;					
25	provided that a disclosure statement is not required to be					
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filed if the person has already filed a disclosure statement with the secretary of state in the same calendar year. If the person fails or refuses to file a financial disclosure statement required by this section before the final date for qualification of the person as a candidate pursuant to the Election Code, the person shall not be qualified as a candidate.

C. For a state agency head, an official whose appointment to a board or commission is subject to confirmation by the senate, a member of the insurance nominating committee or a member of the state ethics commission, the filing of the disclosure statement is a condition of entering upon and continuing in state employment or holding the appointed office.

SECTION 4. [NEW MATERIAL] DISCLOSURE OF EMPLOYMENT.--The disclosure statement filed by a reporting individual shall include the following information related to employment for the prior calendar year:

- A. the full name of the reporting individual and the reporting individual's spouse; and
- B. the name and address of any employer employing the reporting individual or the reporting individual's spouse, the title or position held and a brief description of the nature of the business or occupation.
- SECTION 5. [NEW MATERIAL] DISCLOSURE OF ASSETS AND INCOME.--The disclosure statement filed by a reporting .223761.1SA

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individual shall include the following information related to assets and income for the prior calendar year:

the identity, location and purpose of use of real property owned by the reporting individual, the reporting individual's spouse or the reporting individual's dependent children; provided that, for personal residences only the zip code or, in the absence of a zip code, the county of situs is required to be disclosed;

the identity of assets of more than fifty thousand dollars (\$50,000) directly or beneficially owned by the reporting individual, the reporting individual's spouse or the reporting individual's dependent children; provided that, in determining whether an asset has a value of more than fifty thousand dollars (\$50,000), the value should not be reduced by any indebtedness secured by the asset, such as a mortgage or other secured loan, and a good faith estimate of the fair market value of an asset is permitted if the exact value is neither known or easily obtainable. The disclosure of assets shall include:

- (1) commodities, including the type of commodity;
- investments in stocks, bonds, futures (2) contracts, options, derivatives, currency, real estate investment trusts, mutual funds, private equity funds, exchange-traded funds and trust funds of which the reporting

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individual is a beneficiary; provided that, if the investment is or forms part of a fund, the reporting individual is only required to identify the fund, the fund manager and any underlying holdings of the fund that have a value of more than fifty thousand dollars (\$50,000); and

- contractual rights that are reasonably likely to generate future income, such as royalties and intellectual property, the names of the contracting parties and the purpose of the contract; and
- C. all sources of income equal to or greater than the amount that must be disclosed to the internal revenue service pursuant to 26 U.S.C. Section 6041(a), as amended, directly or indirectly accrued by the reporting individual, the reporting individual's spouse or the reporting individual's dependent children, including:
- (1) the identity of the source of earned income; provided that:
- if a source of earned income is owed a legal or professional duty of confidentiality and the identity of the source of the income has not been disclosed to a public agency, the reporting individual may identify the source as "confidential" and describe the duty of confidentiality that prevents disclosure of the source of the earned income; and
 - if an indirect source of earned (b)

income is a client of a business entity of which the reporting individual or the reporting individual's spouse is a member, the indirect source of earned income is not required to be disclosed if the reporting individual or the reporting individual's spouse has no role in any matter involving the source; and

(2) the identity of sources of unearned income, including taxable interest, capital gains, dividends, annuities, trust distributions, rents from real property and insurance policies.

SECTION 6. [NEW MATERIAL] DISCLOSURE OF LIABILITIES.--

- A. The disclosure statement filed by a reporting individual shall include for the prior calendar year liabilities of more than five thousand dollars (\$5,000) owed by:
- (1) the reporting individual, the reporting individual's spouse or the reporting individual's dependent children; and
- (2) a trust of which the reporting individual, the reporting individual's spouse or the reporting individual's dependent children are beneficiaries.
- B. For a liability identified pursuant to Subsection A of this section, the reporting individual shall disclose:
- (1) the identity of the person who owes the .223761.1SA $\,$

4	(3) the amount of the debt or liability; and				
5	(4) any payments on the debt or liability				
6	during the previous calendar year.				
7	C. The disclosure statement is not required to				
8	include:				
9	(1) ordinary consumer debt;				
10	(2) mortgage debt on the primary residence of				
11	the reporting individual, the reporting individual's spouse or				
12	the reporting individual's dependent children;				
13	(3) student loans; and				
14	(4) liabilities owed to parents, grandparents,				
15	children or siblings of the reporting individual, the reporting				
16	individual's spouse or the reporting individual's dependent				
17	children.				
18	SECTION 7. [NEW MATERIAL] DISCLOSURE OF INFORMATION AND				
19	ASSETS OF BUSINESS ENTITIESThe disclosure statement filed by				
20	a reporting individual shall include the following information				
21	related to any privately held business controlled by the				
22	reporting individual, the reporting individual's spouse or the				
23	reporting individual's dependent children:				
24	A. the name of the business entity, a brief				
25	description of the nature of its activities and its geographic				

debt or liability;

is owed;

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the person to whom the debt or liability

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1	location, including the city and state; and					
2	B. for a privately held business entity that was					
3	formed for the purpose of holding investments:					
4	(1) assets of more than fifty thousand dollars					
5	(\$50,000) or that generated income directly or beneficially					
6	owned by the business entity in an amount equal to or greater					
7	than the amount that must be disclosed to the internal revenue					
8	service pursuant to 26 U.S.C. Section 6041(a), as amended;					
9	provided that, in determining whether an asset has a value of					
10	more than fifty thousand dollars (\$50,000), the value should					
11	not be reduced by any indebtedness secured by the asset, such					
12	as a mortgage or other secured loan; and					
13	(2) any liability of the business entity in an					
14	amount greater than fifty thousand dollars (\$50,000),					
15	including:					
16	(a) the identity of the business entity					
17	that owes the debt or liability;					
18	(b) the person to which the debt or					
19	liability is owned;					
20	(c) the amount of the debt or liability;					
21	and					
22	(d) any payments on the debt or					
23	liability during the previous calendar year.					
24	SECTION 8. [NEW MATERIAL] DISCLOSURE OF PROFESSIONAL					
25	LICENSES AND MEMBERSHIPSThe disclosure statement filed by a					

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reporting individual shall include the following information related to professional licenses, memberships and offices held for the prior calendar year:

- professional licenses held by the reporting Α. individual and the reporting individual's spouse; and
- board memberships, offices or other positions held by the reporting individual and the reporting individual's spouse in:
- (1) corporations, partnerships, trusts or other for-profit business entities; and
- nonprofit organizations, educational (2) organizations, political organizations or other nongovernmental organizations.

[NEW MATERIAL] DISCLOSURE OF GIFTS.--SECTION 9.

- The disclosure statement filed by a reporting individual shall include any gift received in the prior calendar year by the reporting individual, the reporting individual's spouse or the reporting individual's dependent children having a market value greater than fifty dollars (\$50.00) from a restricted donor, a lobbyist registered with the secretary of state, a lobbyist's employer, a government contractor or a person that has responded to a request for proposals or an invitation to bid issued by the public agency that the reporting individual serves.
- As used in this section, "gift" and "restricted .223761.1SA

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donor" have the same meaning as those terms are defined in the Gift Act.

[NEW MATERIAL] DISCLOSURES RELATED TO PUBLIC SECTION 10. AGENCIES. -- The disclosure statement filed by a reporting individual shall include the following information related to public agencies:

each public agency that purchased goods or services in excess of five thousand dollars (\$5,000) during the prior calendar year from the reporting individual, the reporting individual's spouse or a business entity controlled by the reporting individual or the reporting individual's spouse; and

each public agency, other than a court, before which the reporting individual or the reporting individual's spouse represented or assisted clients in the course of employment during the prior calendar year.

[NEW MATERIAL] RETENTION AND PUBLIC SECTION 11. INSPECTION OF DISCLOSURE STATEMENTS. --

The secretary of state shall retain for ten years from the date of filing any disclosure statement filed by a reporting individual and shall make the same available to the state ethics commission.

The secretary of state shall make publicly available the disclosure statements filed by a person holding an elected office in the legislative or executive branch of .223761.1SA

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state government and by a candidate for legislative or statewide elected office.

- The secretary of state shall make available for public inspection, upon written request, disclosure statements filed by a state agency head, a person whose appointment to a board or commission is subject to confirmation by the senate, a member of the insurance nominating committee or a member of the state ethics commission; provided that:
- prior to the public inspection of the reporting individual's disclosure statements, the secretary of state shall inform the reporting individual of the written request and the identity of the requester; and
- the secretary of state shall not make (2) available for public inspection any personal residence address of a reporting individual, the reporting individual's spouse or the reporting individual's dependent children.

SECTION 12. [NEW MATERIAL] EDUCATION AND VOLUNTARY COMPLIANCE. --

- The secretary of state shall advise and seek to educate all reporting individuals on their duties pursuant to the Disclosure Act, including providing timely advance notice of the required disclosure statement and preparing disclosure statement forms that are clear and easy to complete.
- The secretary of state shall refer violations of the Disclosure Act to the state ethics commission after first .223761.1SA

seeking voluntary compliance and correction of all violations alleged from the reporting individual. The secretary of state shall give a person who violates any provision of the Disclosure Act ten days' notice to correct the matter before the secretary of state refers the violation to the state ethics commission.

SECTION 13. [NEW MATERIAL] RULEMAKING AUTHORITY-DISCLOSURE STATEMENT FORM.--The secretary of state may
promulgate rules to implement the provisions of the Disclosure
Act.

SECTION 14. [NEW MATERIAL] INVESTIGATIONS--FINES--CIVIL ENFORCEMENT.--

- A. The state ethics commission may conduct examinations of disclosure statements and initiate complaints and investigations to determine whether the Disclosure Act has been violated. The state ethics commission may also receive, investigate and adjudicate complaints alleging violations of the Disclosure Act subject to the provisions of the State Ethics Commission Act.
- B. The state ethics commission may institute a civil action in district court or refer a matter to the attorney general or a district attorney to institute a civil action in district court if a violation has occurred or to prevent a violation of a provision of the Disclosure Act.

 Relief may include a permanent or temporary injunction, a

restraining order or any other appropriate order, including an order for a civil penalty of up to one thousand dollars (\$1,000) for each violation not to exceed twenty thousand dollars (\$20,000).

- C. A reporting individual who files a report after the deadline imposed by the Disclosure Act is additionally liable for a penalty of fifty dollars (\$50.00) per day for each regular working day after the deadline required for the filing of the disclosure statement until the report is filed, not to exceed five thousand dollars (\$5,000).
- D. If the secretary of state or the state ethics commission reasonably believes that a person committed, or is about to commit, a violation of the Disclosure Act that is subject to criminal penalties, the secretary of state or the state ethics commission may refer the matter to the attorney general or a district attorney for criminal enforcement.

SECTION 15. [NEW MATERIAL] CRIMINAL PENALTIES.--

- A. A person who knowingly and willfully violates any provision of the Disclosure Act is guilty of a misdemeanor and shall be punished by a fine of not more than one thousand dollars (\$1,000) or by imprisonment for not more than one year or both.
- B. Notwithstanding the time limitations for commencing prosecutions pursuant to Subsection C of Section 30-1-8 NMSA 1978, a person shall not be prosecuted, tried or .223761.1SA

punished in any court of this state for knowingly and willfully violating any of the provisions of the Disclosure Act unless the indictment is found or information or complaint is filed within five years from the time the violation was committed.

SECTION 16. A new section of Chapter 1, Article 8 NMSA 1978 is enacted to read:

"[NEW MATERIAL] CANDIDATES FOR LEGISLATIVE AND STATEWIDE OFFICES--CANDIDATE QUALIFICATION--COMPLIANCE WITH DISCLOSURE ACT REQUIRED.--Pursuant to the Disclosure Act, a person who files to be a candidate for a legislative or statewide elected office shall file a disclosure statement at the time of filing a declaration of candidacy; provided that a disclosure statement is not required to be filed if the person has already filed a disclosure statement with the secretary of state in the same calendar year. If the person fails or refuses to file a disclosure statement before the final date for qualification of the person as a candidate pursuant to the Election Code, the person shall not be qualified as a candidate."

SECTION 17. Section 1-22A-6 NMSA 1978 (being Laws 2013, Chapter 180, Section 6) is amended to read:

"1-22A-6. VOLUNTARY COMPLIANCE--COMPLAINTS AND INVESTIGATIONS--ARBITRATION--REFERRALS FOR ENFORCEMENT.--

A. The secretary of state may initiate investigations to determine whether any provision of the School District Campaign Reporting Act has been violated.

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Additionally, any person who believes that a provision of that act has been violated may file a written complaint with the secretary of state any time prior to ninety days after an election, except that no complaints from the public may be filed within eight days prior to an election. The secretary of state shall adopt procedures for issuing advisory opinions and processing complaints and notifications of violations.

- The secretary of state shall at all times seek to ensure voluntary compliance with the provisions of the School District Campaign Reporting Act. If the secretary of state determines that a provision of that act for which a penalty may be imposed has been violated, the secretary of state shall by written notice set forth the violation and the fine imposed and inform the reporting individual that the individual has ten working days from the date of the letter to correct the matter and to provide a written explanation, under penalty of perjury, stating any reason why the violation occurred. If a timely explanation is filed and the secretary of state determines that good cause exists to waive the fine imposed, the secretary of state may by a written notice of final action partially or fully waive any fine imposed for any late, incomplete or false report or statement of exception. A written notice of final action shall be sent by certified mail.
- C. Upon receipt of the notice of final action, the person against whom the penalty has been imposed may protest

the secretary of state's determination by submitting on a prescribed form a written request for binding arbitration to the secretary of state within ten working days of the date of the notice of final action. Any fine imposed shall be due and payable within ten working days of the date of notice of final action. No additional fine shall accrue pending the issuance of the arbitration decision. Fines paid pursuant to a notice of final action that are subsequently reduced or dismissed shall be reimbursed with interest within ten working days after the filing of the arbitration decision with the secretary of state. Interest on the reduced or dismissed portion of the fine shall be the same as the rate of interest earned by the secretary of state's escrow account to be established by the department of finance and administration.

- D. An arbitration hearing shall be conducted by a single arbitrator selected within ten days by the person against whom the penalty has been imposed from a list of five arbitrators provided by the secretary of state. Neither the secretary of state nor a person subject to the School District Campaign Reporting Act, Campaign Reporting Act, Lobbyist Regulation Act or [Financial] Disclosure Act may serve as an arbitrator. Arbitrators shall be considered to be independent contractors, not public officers or employees, and shall not be paid per diem and mileage.
- E. The arbitrator shall conduct the hearing within .223761.1SA

thirty days of the request for arbitration. The arbitrator may impose any penalty the secretary of state is authorized to impose. The arbitrator shall state the reasons for the arbitrator's decision in a written document that shall be a public record. The decision shall be final and binding. The decision shall be issued and filed with the secretary of state within thirty days of the conclusion of the hearing. Unless otherwise provided for in this section or by rule or regulation adopted by the secretary of state, the procedures for the arbitration shall be governed by the Uniform Arbitration Act. No arbitrator shall be subject to liability for actions taken pursuant to this section.

F. The secretary of state may refer a matter to the attorney general or a district attorney for a civil injunction or other appropriate order or for criminal enforcement."

SECTION 18. Section 10-16G-4 NMSA 1978 (being Laws 2019, Chapter 86, Section 4, as amended) is amended to read:

"10-16G-4. COMMISSIONERS--QUALIFICATIONS--LIMITATIONS.--

A. To qualify for appointment to the commission, a person shall:

- (1) be a qualified elector of New Mexico;
- (2) not have changed party registration in the five years next preceding the member's appointment in such a manner that the member's prior party registration would make the member ineligible to serve on the commission;

1	(3) not continue to serve as a commissioner if
2	the member changes party registration after the date of
3	appointment in such a manner as to make the member ineligible
4	to serve on the commission; and
5	(4) not be, or within the two years prior to
6	appointment shall not have been, in New Mexico, any of the
7	following:

- (a) a public official;
- (b) a public employee;
- (c) a candidate;
- (d) a lobbyist;
- (e) a government contractor; or
- (f) an office holder in a political party at the state or federal level.
- B. Before entering upon the duties of the office of commissioner, each commissioner shall review the State Ethics Commission Act and other laws and rules pertaining to the commission's responsibilities and to ethics and governmental conduct in New Mexico. Each commissioner shall take the oath of office as provided in Article 20, Section 1 of the constitution of New Mexico and, pursuant to the [Financial] Disclosure Act, file with the secretary of state a financial disclosure statement within thirty days of appointment and during the month of January every year thereafter that the commissioner serves on the commission.

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1	C. For a period of one calendar year following a
2	commissioner's tenure or following the resignation or removal
3	of a commissioner, the commissioner shall not:
4	(1) represent a respondent, unless appearing
5	on the commissioner's own behalf; or
6	(2) accept employment or otherwise provide
7	services to a respondent unless the commissioner accepted

- D. During a commissioner's tenure, a commissioner shall not hold another public office or be:
 - (1) a public employee;

employment or provided services prior to the filing of a

(2) a candidate;

complaint against the respondent.

- (3) a lobbyist;
- (4) a government contractor; or
- (5) an office holder in a political party at the state or federal level.
- E. A commissioner who changes political party affiliation in violation of the provisions of Subsection A of this section or who chooses to seek or hold an office in violation of Subsection D of this section shall resign from the commission or be deemed to have resigned."
- SECTION 19. Section 10-16G-9 NMSA 1978 (being Laws 2019, Chapter 86, Section 9, as amended by Laws 2021, Chapter 21, Section 33 and by Laws 2021, Chapter 109, Section 16) is

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2	"10-16G-9. COMMISSION JURISDICTIONCOMPLIANCE				
3	PROVISIONS				
4	A. The commission has jurisdiction to enforce the				
5	applicable civil compliance provisions for public officials,				
6	public employees, candidates, persons subject to the Campaign				
7	Reporting Act, government contractors, lobbyists and lobbyists'				
8	employers of:				
9	(1) the Campaign Reporting Act;				
10	(2) the [Financial] Disclosure Act;				
11	(3) the Gift Act;				
12	(4) the Lobbyist Regulation Act;				
13	(5) the Voter Action Act;				
14	(6) the Governmental Conduct Act;				
15	(7) the Procurement Code;				
16	(8) the State Ethics Commission Act;				
17	(9) the Revised Uniform Law on Notarial Acts;				
18	and				
19	(10) Article 9, Section 14 of the constitution				
20	of New Mexico.				
21	B. All complaints filed with a public agency				
22	regarding the statutes listed in Subsection A of this section				
23	shall be forwarded to the commission.				
24	C. The commission may choose to act on some or all				
25	aspects of a complaint and forward other aspects of a complaint				

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to another state or federal agency with jurisdiction over the matter in accordance with Subsection E of this section.

- If the commission decides not to act on a complaint, whether the complaint was filed with the commission or forwarded from another public agency, or decides only to act on part of a complaint, the commission shall promptly forward the complaint, or any part of a complaint on which it does not wish to act, to the public agency that has appropriate jurisdiction within ten days of the decision. The complainant and respondent shall be notified in writing when the complainant's request has been forwarded to another agency unless otherwise provided pursuant to Subsection H of Section 10-16G-10 NMSA 1978.
- The commission may share jurisdiction with other public agencies having authority to act on a complaint or any aspect of a complaint. Such shared jurisdiction shall be formalized through an agreement entered into by all participating agencies involved with the complaint and the director. The commission may also investigate a complaint referred to the commission by the legislature, or a legislative committee, in accordance with an agreement entered into pursuant to policies of the New Mexico legislative council or rules of the house of representatives or senate.
- The commission may file a court action to enforce the civil compliance provisions of an act listed in .223761.1SA

1	Subsection A of this section. The court action shall be filed
2	in the district court in the county where the defendant
3	resides."
4	SECTION 20. Section 59A-2-2.1 NMSA 1978 (being Laws 2013,
5	Chapter 74, Section 15, as amended) is amended to read:
6	"59A-2-2.1. INSURANCE NOMINATING COMMITTEEDUTIES
7	ADMINISTRATIVE ATTACHMENT
8	A. The "insurance nominating committee" is created
9	and consists of nine members, including:
10	(1) four members who are selected by the New
11	Mexico legislative council as follows:
12	(a) two members who shall represent the
13	interests of the insurance industry;
14	(b) two members who shall represent the
15	interests of insurance consumers and who have experience
16	advocating on behalf of consumers or the public interest on
17	insurance issues. These consumer members shall not be employed
18	by or on behalf of or have a contract with an employer that is
19	regulated by the office of superintendent of insurance; and
20	(c) no more than two of the four members
21	shall be from the same political party;
22	(2) four members who are selected by the
23	governor as follows:
24	(a) two members who shall represent the
25	interests of the insurance industry;
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- (b) two members who shall represent the interests of insurance consumers and who have experience advocating on behalf of consumers or the public interest on These consumer members shall not be employed insurance issues. by or on behalf of or have a contract with an employer that is regulated by the office of superintendent of insurance; and
- (c) no more than two of the four members shall be from the same political party; and
- a ninth member who shall be chair of the committee and who shall be selected by a majority of the other eight members; provided that the member shall:
- (a) not be a candidate for the position of superintendent of insurance; and
- (b) be either a former New Mexico superintendent of insurance or another person with extensive knowledge of insurance regulation in New Mexico, but does not have, nor have a spouse or child who has, any direct financial interest in an insurer, insurance agency or insurance transaction except as a policyholder or a claimant under a policy or as an owner of less than one percent of the shares of an insurer that is a publicly traded corporation.
- A vacancy on the committee shall be filled by the original appointing authority for the remainder of the term.
 - A committee member shall: C.

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- (1) be a resident of New Mexico;
- (2) serve a four-year term; except that a member of the first committee appointed shall serve for a term that ends on June 30, 2015; and
- (3) serve without compensation, but shall be eligible to receive per diem and mileage pursuant to the Per Diem and Mileage Act.
- D. The committee is subject to the Inspection of Public Records Act and the Open Meetings Act. Individual members of the committee are subject to the Governmental Conduct Act and the [Financial] Disclosure Act.
- E. The committee shall convene within ninety days in anticipation of the occurrence of a vacancy in the superintendent position or the expiration of a superintendent's term of office.
- F. Upon the occurrence of a vacancy in the superintendent position, or after the conclusion of the superintendent's term, the chair of the committee may appoint an interim superintendent who shall serve until a successor is duly qualified.
- G. The committee shall actively solicit, accept and evaluate applications from qualified individuals for the position of superintendent and may require an applicant to submit any information it deems relevant to the consideration of the individual's application.

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2	by a vote of a majority of all members of the committee.
3	I. The committee shall meet no less often than
4	annually.
5	J. The committee is administratively attached to
6	the office of superintendent of insurance. The office of
7	superintendent of insurance shall provide staff for the
8	committee.
9	K. An employee of the office of superintendent of
10	insurance who serves as staff for the committee shall not
11	reveal to any person, except another committee staff person,
12	any requests or statements disclosed in confidence by a
13	committee member, except that this restriction shall not apply
14	to any disclosure that is:
15	(1) protected under the Whistleblower
16	Protection Act; or
17	(2) required by law."
18	SECTION 21. Section 59A-23F-3 NMSA 1978 (being Laws 2013,
19	Chapter 54, Section 3, as amended) is amended to read:
20	"59A-23F-3. NEW MEXICO HEALTH INSURANCE EXCHANGE
21	CREATEDBOARD CREATED
22	A. The "New Mexico health insurance exchange" is
23	created as a nonprofit public corporation to provide qualified
24	individuals and qualified employers with increased access to

health insurance in the state and shall be governed by a board

The committee shall appoint the superintendent

of directors constituted pursuant to the provisions of the New
Mexico Health Insurance Exchange Act. The exchange is a
governmental entity for purposes of the Governmental Conduct
Act, the Gift Act, the Sunshine Portal Transparency Act, the
Whistleblower Protection Act, the Procurement Code and the Tort
Claims Act, and neither the exchange nor the board shall be
considered a governmental entity for any other purpose.

- B. The exchange shall not duplicate, impair, enhance, supplant, infringe upon or replace, in whole or in any part, the powers, duties or authority of the superintendent, including the superintendent's authority to review and approve premium rates pursuant to the provisions of the Insurance Code.
- C. All health insurance issuers and health maintenance organizations authorized to conduct business in this state and meeting the requirements of the rules promulgated by the superintendent pursuant to Section 59A-23F-7 NMSA 1978, the regulations under federal law and the requirements established by the board shall be eligible to participate in the exchange.
- D. The "board of directors of the New Mexico health insurance exchange" is created. The board consists of thirteen voting directors as follows:
- (1) one voting director is the superintendent or the superintendent's designee;
- (2) six voting directors appointed by the .223761.1SA

governor, including the secretary of human services or the secretary's designee, a health insurance issuer and a consumer advocate; and

- (3) six voting directors, three appointed by the president pro tempore of the senate, including one health care provider, and three appointed by the speaker of the house of representatives, including one health insurance issuer. One of the directors appointed by the president pro tempore of the senate and one of the directors appointed by the speaker of the house of representatives shall be from a list of at least two candidates provided, respectively, by the minority floor leader of the senate and by the minority floor leader of the house of representatives.
- E. Except as provided in Subsection F of this section, managerial and full-time staff of the exchange shall be subject to applicable provisions of the Governmental Conduct Act and shall not have any direct or indirect affiliation with any health care provider, health insurance issuer or health care service provider.
- F. Each director shall comply with the conflict-ofinterest provisions of Subsection E of this section, except as follows:
- (1) directors who may be appointed from the board of directors of the New Mexico medical insurance pool shall not be considered to have a conflict of interest with

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respect to their association with that entity;

- the secretary of human services, or the secretary's designee, shall not be considered to have a conflict of interest with respect to the secretary's performance of the secretary's duties as secretary of human services;
- the director who is a health care provider shall not be considered to have a conflict of interest arising from that director's receipt of payment for services as a health care provider; and
- directors who are representatives of (4) health insurance issuers shall not be considered to have a conflict of interest with respect to those directors' association with their respective health insurance issuers.
- Each director and employee of the exchange shall have a fiduciary duty to the exchange, to the state and to those persons who purchase or enroll in qualified health plan coverage or medical assistance coverage through the exchange.
- The board shall be composed, as a whole, to assure representation of the state's Native American population, ethnic diversity, cultural diversity and geographic diversity.
- Τ. Directors shall have demonstrated knowledge or experience in at least one of the following areas:
- (1) purchasing coverage in the individual .223761.1SA

-	market,
2	(2) purchasing coverage in the small employer
3	market;
4	(3) health care finance;
5	(4) health care economics or health care
6	actuarial science;
7	(5) health care policy;
8	(6) the enrollment of underserved residents in
9	health care coverage;
10	(7) administration of a private or public
11	health care delivery system;
12	(8) information technology;
13	(9) starting a small business with fifty or
14	fewer employees; or
15	(10) provision of health care services.
16	J. The governor shall appoint no more than four
17	directors from the same political party.
18	K. Except for the secretary of human services, the
19	non-health insurance issuer directors appointed by the governor
20	shall be appointed for initial terms of three years or less,
21	staggered so that the term of at least one director expires on
22	June 30 of each year. The non-health insurance insurer
23	directors appointed by the legislature shall be appointed for
24	initial terms of three years or less, staggered so that the
25	term of at least one director expires on June 30 of each year.
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The health insurance issuers appointed to the board shall, upon appointment, select one of them by lot to have an initial term ending on June 30 following one year of service and one to have an initial term ending on June 30 following two years of service. Following the initial terms, health insurance issuer directors shall be appointed for terms of two years. A director whose term has expired shall continue to serve until a successor is appointed by the respective appointing authority. Health insurance issuer directors shall not serve two consecutive terms.

- L. The exchange, members of the board and employees of the exchange shall operate consistent with provisions of the Governmental Conduct Act, the Inspection of Public Records Act, the [Financial] Disclosure Act, the Gift Act, the Whistleblower Protection Act, the Open Meetings Act and the Procurement Code and shall not be subject to the Personnel Act.
- M. The board and the exchange shall implement performance-based budgeting and submit annual budgets for the exchange to the secretary of finance and administration and the legislative finance committee.
- N. The exchange shall cover its directors and employees under a surety bond, in an amount that the director of the risk management division of the general services department shall prescribe.
- O. A majority of directors constitutes a quorum.

The board may allow members to attend meetings by telephone or other electronic media. A decision by the board requires a quorum and a majority of directors in attendance voting in favor of the decision.

- P. Within thirty days of the effective date of the New Mexico Health Insurance Exchange Act, the board shall be fully appointed and the superintendent shall convene an organizational meeting of the board, during which the board shall elect a chair and vice chair from among the directors. Thereafter, every three years, the board shall elect in open meeting a chair and vice chair from among the directors. The chair and vice chair shall serve no more than two consecutive three-year terms as chair and vice chair.
- Q. A vacancy on the board shall be filled by appointment by the original appointing authority for the remainder of the director's unexpired term.
- R. A director may be removed from the board by a [two-thirds] two-thirds' majority vote of the directors. The board shall set standards for attendance and may remove a director for lack of attendance, neglect of duty or malfeasance in office. A director shall not be removed without proceedings consisting of at least one ten-day notice of hearing and an opportunity to be heard. Removal proceedings shall be before the board and in accordance with procedures adopted by the board.

S. Appointed directors may receive per diem and mileage in accordance with the Per Diem and Mileage Act, subject to the travel policy set by the board. Appointed directors shall receive no other compensation, perquisite or allowance.

T. The board shall:

- (1) meet at the call of the chair and no less often than once per calendar quarter. There shall be at least seven days' notice given to directors prior to any meeting.

 There shall be sufficient notice provided to the public prior to meetings pursuant to the Open Meetings Act;
- (2) create, make appointments to and duly consider recommendations of an advisory committee or committees made up of stakeholders, including health insurance issuers, health care consumers, health care providers, health care practitioners, insurance producers, qualified employer representatives and advocates for low-income or underserved residents;
- (3) create an advisory committee made up of members insured through the New Mexico medical insurance pool to make recommendations to the board regarding the transition of each organization's insured members into the exchange. The advisory committee shall only exist until a transition plan has been adopted by the board;
- (4) create an advisory committee made up of .223761.1SA

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Native Americans, some of whom live on a reservation and some of whom do not live on a reservation, to guide the implementation of the Native American-specific provisions of the federal Patient Protection and Affordable Care Act and the federal Indian Health Care Improvement Act;

(5) designate a Native American liaison, who shall assist the board in developing and ensuring implementation of communication and collaboration between the exchange and Native Americans in the state. The Native American liaison shall serve as a contact person between the exchange and New Mexico Indian nations, tribes and pueblos and shall ensure that training is provided to the staff of the exchange, which may include training in:

- (a) cultural competency;
- (b) state and federal law relating to Indian health; and
- (c) other matters relating to the functions of the exchange with respect to Native Americans in the state; and
- (6) establish at least one walk-in customer service center where persons may, if eligible, enroll in qualified health plans or public coverage programs."

SECTION 22. Section 59A-52-27 NMSA 1978 (being Laws 2020, Chapter 9, Section 53) is amended to read:

"59A-52-27. FIRE SERVICES COUNCIL CREATED--MEMBERSHIP.-.223761.1SA

1	A. The "fire services council" is created to advise			
2	the state fire marshal's office on fire and emergency services			
3	policy. The council consists of ten members as follows:			
4	(1) the presiding officer or designee of each			
5	of the:			
6	(a) New Mexico fire chiefs association;			
7	(b) fire and emergency managers			
8	affiliate of New Mexico counties;			
9	(c) New Mexico state firefighters			
10	association;			
11	(d) New Mexico emergency medical			
12	technician association;			
13	(e) New Mexico fire marshals			
14	association;			
15	(f) metro fire chiefs association; and			
16	(g) New Mexico professional fire			
17	fighters association;			
18	(2) one person appointed by the governor;			
19	(3) one person appointed by the president pro			
20	tempore of the senate; and			
21	(4) one person appointed by the speaker of the			
22	house of representatives.			
23	B. The fire services council shall select from			
24	among its members a chair and vice chair, who shall serve one-			
25	year terms. No member shall serve as chair or vice chair for			

more than two consecutive years.

- C. The fire services council shall meet as frequently as necessary to conduct business or hold hearings but no less than four times per year. A majority of members of the council constitutes a quorum.
- D. Council members shall be reimbursed for their per diem and mileage expenses in accordance with the Per Diem and Mileage Act. Council members shall otherwise serve without compensation.
- E. The fire services council is subject to the Inspection of Public Records Act and the Open Meetings Act. Individual members of the fire services council are subject to the Governmental Conduct Act and the [Financial] Disclosure Act.
- F. An employee of the state fire marshal's office who serves as staff for the fire services council shall not reveal to any person, except another council staff person, any requests or statements disclosed in confidence by a council member, except that this restriction shall not apply to any disclosure that is:
- (1) protected pursuant to the Whistleblower Protection Act; or
 - (2) required by law."

SECTION 23. Section 62-19-4 NMSA 1978 (being Laws 2020, Chapter 9, Section 18) is amended to read:

1	"62-19-4. PUBLIC REGULATION COMMISSION NOMINATING
2	COMMITTEE
3	A. The "public regulation commission nominating
4	committee" is created and consists of seven members who are:
5	(l) knowledgeable about public utility
6	regulation;
7	(2) not employed by or on behalf of or have a
8	contract with a public utility that is regulated by the
9	commission;
10	(3) not applicants or nominees for a position
11	on the commission; and
12	(4) appointed as follows:
13	(a) four members appointed one each by
14	the speaker of the house of representatives, the minority floor
15	leader of the house of representatives, the president pro
16	tempore of the senate and the minority floor leader of the
17	senate, with no more than two members being from the same
18	political party;
19	(b) two members appointed one each by
20	the secretary of energy, minerals and natural resources and the
21	secretary of economic development; and
22	(c) one member who is a member of an
23	Indian nation, tribe or pueblo appointed by the governor.
24	B. A committee member shall:
25	(l) be a resident of New Mexico;
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- (2) serve a four-year term; and
- (3) serve without compensation, but shall be reimbursed for expenses incurred in pursuit of the member's duties on the committee pursuant to the Per Diem and Mileage Act.
- C. The committee and individual members shall be subject to the Governmental Conduct Act, the Inspection of Public Records Act, the [Financial] Disclosure Act and the Open Meetings Act.
- D. Administrative support shall be provided to the committee by the staff of the commission.
- E. Initial appointments to the committee shall be made by the appointing authorities prior to July 1, 2022.

 Subsequent appointments shall be made no later than thirty days before the end of a term.
- F. The first meeting of the appointed members of the committee shall be held prior to September 1, 2022. The committee shall select one member to be chair and one member to be secretary. Following the first meeting, the committee shall meet as often as necessary in order to submit a list to the governor of no fewer than five qualified nominees for appointment to the commission for the terms beginning January 1, 2023. The list shall be developed to provide geographical diversity, and nominees on the list shall be from at least three different counties of the state.

- G. Subsequent to January 1, 2023, the committee shall meet at least ninety days prior to the date on which the term of a commissioner ends and as often as necessary thereafter in order to submit a list to the governor, at least thirty days prior to the beginning of the new term, of no fewer than two qualified nominees from diverse geographical areas of the state for appointment to the commission for each commissioner position term that is ending.
- H. Upon the occurrence of a vacancy in a commissioner position, the committee shall meet within thirty days of the date of the beginning of the vacancy and as often as necessary thereafter in order to submit a list to the governor, within sixty days of the first meeting after the vacancy occurs, of no fewer than two qualified nominees from diverse geographical areas of the state for appointment to the commission to fill the remainder of the term of each commissioner position that is vacant.
- I. If a position on the committee becomes vacant during a term, a successor shall be selected in the same manner as the original appointment for that position and shall serve for the remainder of the term of the position vacated.
- J. The committee shall actively solicit, accept and evaluate applications from qualified individuals for a position on the commission and may require an applicant to submit any information it deems relevant to the consideration of the

individual'	's	application.
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- K. The committee shall select nominees for submission to the governor who, in the committee's judgment, are best qualified to serve as a member of the commission.
- L. A majority vote of all members of the committee in favor of a person is required for that person to be included on the list of qualified nominees submitted to the governor."
- SECTION 24. Section 62-19-8 NMSA 1978 (being Laws 1998, Chapter 108, Section 19, as amended) is amended to read:
- "62-19-8. PROHIBITED ACTS--NOMINEES--COMMISSIONERS AND EMPLOYEES.--
- A. As used in this section, in addition to the definitions provided in Section [$\frac{16 \text{ of this } 2020 \text{ act}}{1978}$] 62-19-2 NMSA 1978:
- (1) "affiliated interest" means a person who directly controls or is controlled by or is under common control with a regulated entity, including an agent, representative, attorney, employee, officer, owner, director or partner of an affiliated interest. For the purposes of this definition, "control" includes the possession of the power to direct or cause the direction of the management and policies of a person, whether directly or indirectly, through the ownership, control or holding with the power to vote of ten percent or more of the person's voting securities;
 - (2) "intervenor" means a person who is

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intervening as a party in an adjudicatory matter or commenting in a rulemaking pending before the commission or has intervened in an adjudicatory or rulemaking matter before the commission within the preceding twenty-four months, including an agent, representative, attorney, employee, officer, owner, director, partner or member of an intervenor;

- "pecuniary interest" includes owning or controlling securities; serving as an officer, director, partner, owner, employee, attorney or consultant; or otherwise benefiting from a business relationship. "Pecuniary interest" does not include an investment in a mutual fund or similar third-party-controlled investment, pension or disability benefits or an interest in capital credits of a rural electric cooperative or telephone cooperative because of current or past patronage; and
- (4) "regulated entity" means a person whose charges for services to the public are regulated by the commission and includes any direct or emerging competitors of a regulated entity and includes an agent, representative, attorney, employee, officer, owner, director or partner of the regulated entity.
- In addition to the requirements of the [Financial] Disclosure Act and the Governmental Conduct Act, nominees for appointment to the commission, commissioners and employees of the commission shall comply with the requirements

2	C. A nominee for appointment to the commission
3	shall not solicit or accept anything of value, either directly
4	or indirectly, from a person whose charges for services to the
5	public are regulated by the commission. For the purposes of
6	this subsection, "anything of value" includes money, in-kind
7	contributions and volunteer services to the nominee or the
8	nominee's organization, but does not include pension or
9	disability benefits.
10	D. A commissioner or employee of the commission
11	shall not:
12	(1) accept anything of value from a regulated
13	entity, affiliated interest or intervenor. For the purposes of
14	this paragraph, "anything of value" does not include:
15	(a) the cost of refreshments totaling no
16	more than five dollars (\$5.00) a day or refreshments at a
17	public reception or other public social function that are
18	available to all guests equally;
19	(b) inexpensive promotional items that
20	are available to all customers of the regulated entity,
21	affiliated interest or intervenor; or
22	(c) pension or disability benefits
23	received from a regulated entity, affiliated interest or
24	intervenor;
25	(2) have a pecuniary interest in a regulated

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of the Public Regulation Commission Act, as applicable.

dollars (\$5.00) a day or refreshments at a
n or other public social function that are
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(b) inexpensive promotional items that
o all customers of the regulated entity,
rest or intervenor; or
(c) pension or disability benefits
regulated entity, affiliated interest or
(2) have a pecuniary interest in a regulated
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entity, affiliated interest or intervenor, and if a pecuniary interest in an intervenor develops, the commissioner or employee shall divest that interest or self recuse from the proceeding with the intervenor interest; or

- (3) solicit any regulated entity, affiliated interest or intervenor to appoint a person to a position or employment in any capacity.
 - E. After leaving the commission:
- (1) a former commissioner shall not be employed or retained in a position that requires appearances before the commission by a regulated entity, affiliated interest or intervenor within two years of the former commissioner's separation from the commission;
- (2) a former employee shall not appear before the commission representing a party to an adjudication or a participant in a rulemaking within one year of ceasing to be an employee; and
- (3) a former commissioner or employee shall not represent a party before the commission or a court in a matter that was pending before the commission while the commissioner or employee was associated with the commission and in which the former commissioner or employee was personally and substantially involved in the matter.
- F. The attorney general or a district attorney may institute a civil action in the district court for Santa Fe .223761.1SA

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county or, in the attorney general's or a district attorney's discretion, the district court for the county in which a defendant resides if a violation of this section has occurred or to prevent a violation of this section. A civil penalty may be assessed in the amount of two hundred fifty dollars (\$250) for each violation, not to exceed five thousand dollars (\$5,000)."

SECTION 25. REPEAL.--Sections 10-16A-1 through 10-16A-9 NMSA 1978 (being Laws 1993, Chapter 46, Sections 39 through 45, Laws 1995, Chapter 153, Section 25 and Laws 2021, Chapter 109, Section 21, as amended) are repealed.

SECTION 26. EFFECTIVE DATE. -- The effective date of the provisions of this act is January 1, 2024.

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