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FISCAL IMPACT REPORT

SPONSOR Gallegos/Hochman-Vigil LAST UPDATED _____
ORIGINAL DATE 2/16/2023
SHORT TITLE Interior Design License Changes BILL NUMBER House Bill 372
ANALYST Hanika-Ortiz

REVENUE* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
No fiscal impact	(\$9.8)	(\$9.8)	Nonrecurring	Interior Design Fund (RLD)

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to appropriation in the General Appropriation Act

Sources of Information

LFC Files

Responses Received From
Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of House Bill 372

House Bill 372 (HB372) incorporates the Legislative Finance Committee's (LFC) subcommittee recommendation that the Interior Design Board (IDB) serve as an advisory council to the Superintendent of the Regulation and Licensing Department (RLD) as opposed to being a "board" with its own authority to license/regulate within the interior design industry. To that end, HB372 replaces all references in the Interior Designers Act (IDA), Section 61-24C-1 NMSA 1978 *et seq.*, to "board" with the term "department."

If HB372 is enacted, the powers and duties of RLD under IDA would be the same as those currently held by IDB, with the exception of removing the responsibilities for conducting board hearings and meetings. Requirements for licensure are significantly reduced, requiring only that an applicant take and pass a nationally recognized examination and hold an active national recognized certification. Licensure without examination is available for applicants with an active license in another state or country where qualifications are equal to or exceed those required by the IDA, or who has apprenticed for at least eight years under a licensed interior designer.

HB372 extends the one year license to a four year license. Violations of the IDA would be penalized pursuant to the Uniform Licensing Act (ULA), rather than the person being guilty of a misdemeanor. Continuing education remains at eight hours over the initial and renewal periods of four years. Payments out of the Interior Design Fund shall be on vouchers issued by the Superintendent of the RLD.

A temporary provision for the transfer of appropriations, records and contracts to RLD mandates that on the effective date of HB372 (presumptively June 1, 2023), all functions, appropriations, money, records, and files of the IDB shall be transferred to RLD, all contractual obligations of the IDB relating to the IDA shall be binding on RLD. Further, rules, orders and decisions of the IDB relating to the IDA, shall remain in effect until repealed or amended.

HB372 repeals five sections of the IDA related to creation of the board, compensation and expenses for board members and employees, board officers, and penalties levied by the board. The termination of agency life section is also repealed.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

Increasing the license term from one year to four years without adjusting the maximum license fee section, will result in a loss of \$600 per licensee over the four-year license term. However, given the relatively small number of licensees under the IDA, this reduction in license fee revenue is not anticipated to result in a significant fiscal impact to the RLD's budget. The impact of this reduction in revenue is further offset by the concurrent reduction in costs associated with the elimination of the IDB (i.e. no longer paying per diem for board members, and related costs for board operations). [Note: There are only 65 interior designers licensed under the IDA at this time.]

SIGNIFICANT ISSUES

The LFC Subcommittee hearing on August 16, 2022, resulted in recommendations to extend the sunset dates for several boards. The LFC Subcommittee adopted the LFC staff recommendation which included the Interior Design Board serving as an advisory council to RLD, or sunset.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 201 extends sunset dates for certain boards, the IDB was not one extended.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Due to the Interior Designers Act and Board not being included in HB201, pursuant to the Sunset Act, Sections 12-9-11 through 12-9-21 NMSA 1978, if HB372 is not enacted, IDB will be terminated effective July 1, 2023, and all operations of IDB will cease as of July 1, 2024.