

LFC Requester:

Joseph Simon

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original _____ **Amendment** X
Correction _____ **Substitute** _____

Date Prepared: 1/28/24

Bill No: SB 61

Sponsor: The Honorable David M. Gallegos and Pete Campos

Short Title: Procurement Contract Limits Increase

Agency Name and Code Number: 305 – New Mexico Department of Justice

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands) N/A

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands) N/A

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

 N/A

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis: This bill would amend Section 13-1-154.1 of the Procurement Code to increase the total four-year contract amount and per contract amounts awarded for architectural or engineering professional services pursuant to a qualifications-based procurement process from \$7 million and \$650 thousand to \$15 million and \$2 million, respectively. This bill would also increase the total contract and per contract amounts awarded for indefinite quantity construction contracts pursuant to a State price agreement from \$12 million and \$4 million to \$30 million and \$10 million, respectively. These new maximum amounts of \$15 and \$30 million would apply to the total amounts issued to all contracts currently awarded.

The bill would further amend future limits described above on an annual basis by applying a multiplier of the ratio of either the “average producer price index by industry for architectural, engineering and related services of the previous calendar year” or “the average producer price index by commodity for final demand construction,” as applicable, to the consumer price index (“CPI”) for that calendar year. The bill would define those terms as the indexes published annually by the United States Department of Labor (“USDOL”).

FISCAL IMPLICATIONS

None noted.

SIGNIFICANT ISSUES

None noted.

PERFORMANCE IMPLICATIONS

None noted.

ADMINISTRATIVE IMPLICATIONS

This bill, if passed, may reduce administrative burdens on state agencies and to the extent applicable, local government entities, by reducing the total number of qualifications-based procurements needed for public works projects. It may further such reduce administrative burdens by reducing the total number of contracts issued pursuant to either a qualifications-based

procurement process or a State price agreement.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None noted.

TECHNICAL ISSUES

This bill would amend the contract limits every calendar year based upon indexes published by the USDOL. State agencies operate on a fiscal year basis. As a result, contracts may be subject to different limits at the time of contracting that may result in confusion for the contracting parties wishing to avail themselves of the maximum allowable amount during the entire term of a contract.

Prospective contractors and interested members of the public may not have convenient access to the above USDOL indexes. To increase information efficiency, the bill could include an additional provision requiring the NM Department of Labor to publish these indexes and the resulting ratios on its website.

OTHER SUBSTANTIVE ISSUES

None noted.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

As noted above, new paragraph (J): “The New Mexico Department of Labor shall maintain on its website the current indexes defined in paragraph (I), above, and the resulting ratios calculated pursuant to paragraphs (G) and (H).”