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FISCAL IMPACT REPORT

SPONSOR <u>Reps. Chandler and Duncan/Sen. Sharer</u>	LAST UPDATED <u>3/10/25</u>
	ORIGINAL DATE <u>2/27/25</u>
SHORT TITLE <u>Local Government Official Changes</u>	BILL NUMBER <u>House Bill 298</u>
	ANALYST <u>Hilla</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Municipalities/Counties	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	Other state funds

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 New Mexico Municipal League (NMML)

Agency Analysis was Solicited but Not Received From
 Secretary of State (SOS)
 New Mexico Counties (NMC)
 New Mexico County Clerks Affiliate

SUMMARY

Synopsis of House Bill 298

House Bill 298 (HB298) amends the Municipal Code, clarifying the powers and responsibilities of the mayor and governing bodies for municipalities with a mayor-council form of government. The bill:

- Specifies the applicability of sections related to mayor-council municipalities, particularly for those not governed by the commission-manager form of government;
- Details the process for filling a mayoral vacancy, including that the governing body must appoint a replacement by majority vote and continue to address the vacancy in subsequent meetings until filled;
- Specifies that any appointed mayor serves until the next regular election;
- Clarifies mayoral authority to appoint and discharge municipal employees, subject to majority approval from the governing body;
- Requires an organizational meeting after each local election to appoint municipal officers, with the governing body’s confirmation;
- Clarifies the mayor with the authority to supervise and discipline employees, with limitations for merit-system employees;

- Clarifies the recusal process for members of the governing body when conflicts of interest are present, ensuring transparency in decision-making;
- Clarifies procedures for changing the number of members on the governing body, including the ability to call a special election for voter approval;
- Clarifies the powers and duties of the governing body, such as managing finances, creating municipal offices, and ensuring public attendance at meetings; and
- Includes new provisions for cross-commissioning public safety officers by resolution

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The bill does not have a direct fiscal impact on the state but will create a minimal financial increase to municipalities. Municipalities are likely to incur costs to update procedures, compensate staff to meet the new administrative workload, and potentially administer a special election, if a special election is necessary. This analysis assumes that these costs could largely be handled by existing municipal administrative staff.

SIGNIFICANT ISSUES

HB298 focuses on clarifying procedures for mayoral vacancies, appointments, and the roles of governing bodies. While it aims to streamline operations, the bill may present challenges in implementation. The procedures for filling mayoral vacancies of governing body members could lead to additional administrative costs and potential delays.

The expanded powers for the mayor regarding appointments and employee management may require careful oversight to ensure consistency and fairness in the process. The bill's conflict of interest recusal requirements, though designed for transparency, may raise questions about their application in practice. While the intention is to ensure that governing body members do not engage in decision-making where they have a personal stake, the application of conflict-of-interest recusal provisions could present practical challenges. For example, defining what constitutes a "true" conflict versus a "perceived" conflict may not always be straightforward. The bill should define "true" and "perceived" conflicts for member recusal to further specify what qualifies as a conflict of interest.

Additionally, the bill should consider regular audits or reviews for the decision-making processes to ensure oversight and accountability for the appointment and recusal processes.

The New Mexico Municipal League (NMML) states that the Municipal Code has seen minimal updates since its inception. HB298 will provide "relevant statutory guidance" for how municipalities will provide public services, according to NMML. The league notes that, during the flooding that occurred in the southern part of the state in late 2024, gaps in the Municipal Code limited municipalities abilities to enlist other municipal public safety officers to support emergency needs.