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**AGENCY BILL ANALYSIS
2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

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

Click all that apply:

Original **Amendment**
Correction **Substitute**

Date Prepared: 2026-01-30
Bill No: HB230

Sponsor: Pettigrew, Randall T
INTERIM ADMIN.
Short Title: RULES OVERSIGHT COMMITTEE

Agency Name and Code NMHED
Number: _____
Person Writing: Gallegos, Brittany
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	\$2,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue	Recurring	Fund Affected

FY26	FY27	FY28	or Nonrecurring	
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 230 (HB230) establishes the Interim Administrative Rule Oversight Committee as a permanent joint interim legislative committee and sets its membership, duties, and rule review procedures. The committee would be created in conjunction with HJR11, which proposes a constitutional amendment to establish legislative authority for this oversight function. The bill requires the committee to review proposed executive agency rules and authorizes it to provide recommendations and suggest statutory changes to clarify legislative intent. HB230 also amends the State Rules Act to require a fiscal impact statement for proposed rules estimated to cost more than one million dollars (\$1,000,000) and allows the committee to request fiscal analysis for other rules.

The bill appropriates two million dollars (\$2,000,000) to the Legislative Council Service to staff the committee and support its operations.

The New Mexico Higher Education Department’s (NMHED’s) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies’ analyses.

FISCAL IMPLICATIONS

HB230 appropriates two million dollars (\$2,000,000) from the General Fund to the Legislative Council Service for expenditure in FY27 to staff the Interim Administrative Rule Oversight Committee and cover costs associated with establishing and operating the committee. Any unexpended balance remaining at the end of FY27 shall revert to the General Fund.

In addition, state agencies, including NMHED and higher education institutions engaged in rulemaking, may experience minor administrative costs associated with preparing fiscal impact statements and responding to committee review and recommendations. These costs would depend on the volume and complexity of rules proposed and are not specifically appropriated in the bill.

SIGNIFICANT ISSUES

HB230 creates the Interim Administrative Rule Oversight Committee and establishes a new legislative review process for executive agency rulemaking. Under the bill, the committee would be tasked with:

- Reviewing proposed rules issued by executive agencies
- Reviewing staff analyses and fiscal impact information associated with proposed rules
- Providing formal recommendations to agencies during the public comment period
- Recommending statutory changes to clarify legislative intent related to rulemaking authority
- Requesting fiscal impact statements for rules, including those not otherwise required to include one

The bill also amends the State Rules Act to require agencies to prepare a fiscal impact statement when the estimated cost of implementing a proposed rule exceeds one million dollars (\$1,000,000).

For higher education, this new review structure could affect NMHED and public institutions when promulgating rules under the State Rules Act. Rules related to academic programs, institutional operations, student financial aid, reporting requirements, or workforce initiatives could be subject to additional legislative review. This may lengthen rulemaking timelines and require NMHED and institutions to prepare more detailed fiscal analyses and respond to committee recommendations.

While the bill does not alter the underlying statutory authority of NMHED or higher education institutions to adopt rules, it introduces an additional layer of legislative oversight that could increase administrative complexity and affect the timing of higher education related regulatory actions.

PERFORMANCE IMPLICATIONS

HB230 may have performance implications for NMHED and public higher education institutions when engaging in rulemaking, subject to review by the Interim Administrative Rule Oversight Committee. Additional time and staff resources may be required to prepare fiscal impact statements, respond to committee recommendations, and adjust rulemaking timelines. This added review layer could delay implementation of higher education-related policies, programs, or reporting requirements, depending on the number and complexity of rules under consideration.

ADMINISTRATIVE IMPLICATIONS

HB230 may increase administrative workload for NMHED and public higher education institutions involved in rulemaking. Staff time may be needed to prepare additional fiscal documentation, coordinate with legislative staff, and manage extended review timelines. While the bill does not assign new programs to NMHED, it introduces additional procedural steps that could increase administrative complexity during the rule development process.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB230 is a companion bill to HJR11. HJR11 proposes a constitutional amendment to authorize the creation of an interim administrative rule oversight committee and to allow the Legislature to overturn

agency rules, while HB230 establishes the statutory structure, procedures, and staffing necessary to implement that authority. If HJR11 is not approved by voters, the constitutional authority envisioned in HB230 would not be established.

TECHNICAL ISSUES

Several provisions in HB230 would benefit from additional clarification. The bill requires legislative review of proposed rules, but does not clearly define how committee recommendations would affect an agency's authority to proceed with rule adoption if the agency disagrees. It is also unclear how the review timeline would interact with statutory or federal deadlines that agencies, including NMHED, may be required to meet when adopting rules.

The bill expands fiscal impact statement requirements but does not specify the level of detail, methodology, or standard assumptions agencies should use when estimating costs. This may lead to inconsistent reporting across agencies and create uncertainty regarding compliance expectations.

Additionally, the relationship between the committee's review role and existing executive branch rulemaking authority is not fully defined. Further clarification regarding procedural timelines, agency response obligations, and how conflicts between committee recommendations and agency determinations would be resolved may improve implementation and reduce administrative uncertainty.

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

As an alternative to establishing a new standing legislative review structure, the Legislature could consider enhancing existing interim committee processes to review major or high-impact rules without creating a separate permanent committee. The Legislature could also consider limiting the scope of required fiscal impact statements to rules that directly affect state agency budgets or impose costs on local governments, rather than applying broadly across all agencies.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB230 is not enacted, the Interim Administrative Rule Oversight Committee would not be established in statute, and executive agency rulemaking would continue under existing State Rules Act procedures without the additional legislative review and fiscal impact statement requirements proposed in the bill.

AMENDMENTS

N/A