

<b>LFC Requester:</b>	<b>Henry Jacobs</b>
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**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)  
*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

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

**Date** 1/27/2026 *Check all that apply:*  
**Prepared:** \_\_\_\_\_  
**Bill** SB 115 Original  Correction   
**Number:** \_\_\_\_\_ Amend  Substitute   
 \_\_\_\_\_ ment  ute \_\_\_\_\_

**Sponsor:** Roberto Gonzales  
 George Munoz

**Agency Name and Code Number:** NMDA - 199

**Person Writing Analysis:** Jeff Witte

**Short Title:** Franchise Termination Changes

**Phone:** 575-294-3817 **Email:** Jheitz@nmda.nm su.edu

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0.0	\$0.0	N/A	N/A

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0.0	\$0.0	\$0.0	N/A	N/A

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

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

<b>Total</b>	NFI	NFI	NFI	NFI	N/A	N/A
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(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**

Synopsis:

Senate bill 115 (SB 115) amends the Franchise Termination Act (chapter 57, article 23 NMSA 1978) to provide new protections for franchise dealers. SB 115 broadens the definition of dealer to include additional types of equipment and provides a definition for “good cause,” as pertains to the failure of a dealer to comply with franchise requirements. The new definitions also clarify that the provisions only apply to dealers of new or unused equipment.

SB 115 forbids suppliers from terminating a franchise without proof of good cause and outlines eight circumstances where “good cause” would apply. These circumstances include changes in ownership, changes in location, financial insolvency, business abandonment, illegal behavior or misconduct, or failure to meet reasonable standards. With good cause, suppliers may terminate a franchise after giving at least one hundred and eighty days of notice and providing sixty days for the dealer to address claimed deficiencies. Failure to meet reasonable standards shall require at least a two-year notice period for a dealer to address deficiencies. On the other side, a dealer must provide at least 30 days’ notice before terminating a franchise contract with a supplier.

Additionally, SB 115 clarifies the procedures for supplier approval or denial of transfer of dealer ownership, including in the circumstance of death. SB 115 further protects dealers in the case of a violation to the Franchise Termination Act by allowing them to pursue additional remedies as established in their franchise agreement and by granting the right to sue a supplier for damages, including attorney fees. SB 115 shall apply to all existing franchise agreements that have no expiration date and to any new franchise agreement entered into or renewed after the effective date.

**FISCAL IMPLICATIONS**

There would be no fiscal implications to the New Mexico department of agriculture (NMDA).

**SIGNIFICANT ISSUES**

NMDA does not have statutory authority over the farm equipment manufacturing industry but provides the following information for broader context:

By the end of 2022, over 12,600 farm operations owned tractors in New Mexico according to the United States department of agriculture’s national agricultural statistic service.

Dealers of farm equipment may enter into franchise agreements with original equipment manufacturers (OEMs; aka suppliers) to sell and service OEM equipment. Through these franchise agreements, OEMs may require exclusive use and sale of OEM parts in the repair of OEM products. SB 115 appears to define a set of circumstances under which suppliers must demonstrate good cause in order to terminate their franchise agreements, and to provide a minimum provision for the remedy of an alleged failure to meet a supplier’s requirements. In general, if dealers lose the ability to sell and service franchised equipment, the farmers in their

area may lose local service access and incur additional costs by having to purchase those goods and services from the nearest franchised dealer.

**PERFORMANCE IMPLICATIONS**

N/A

**ADMINISTRATIVE IMPLICATIONS**

There would be no administrative implications to NMDA.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

N/A

**TECHNICAL ISSUES**

N/A

**OTHER SUBSTANTIVE ISSUES**

N/A

**ALTERNATIVES**

N/A

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If SB 115 is not enacted, the Franchise Termination Act would not be amended, and no additional protections for franchise dealers would be implemented.

**AMENDMENTS**

N/A