

**Bill Analysis and Fiscal Impact Report
Taxation and Revenue Department**

February 3, 2026

Bill:

SB-153

Sponsor:

Senator Michael Padilla

Short Title:

Procurement Changes

Description:

This bill amends numerous sections of the Procurement Code to improve clarity and efficiency.

It revises the resident business preference requirements for Native American, veteran resident, and resident contractor preference certifications. Under current law, a resident business applicant must have paid New Mexico taxes for three years prior to applying for a resident business certificate. The bill reduces this requirement to one year and clarifies that payment of the motor vehicle excise tax does not satisfy the one-year tax payment requirement and does not qualify as a tax paid for determining resident contractor status.

The bill also adds definitions for “best obtainable price,” “notice of invitation for solicitation,” and “notice of request for proposals.” In addition, it requires state agencies and local governments to employ two certified chief procurement officers. The bill adds an exception to the monetary limitations in the procurement code, allowing state and local governments to procure contracts that temporarily exceed the monetary limits when there is a state of emergency natural disaster.

Effective Date, Applicability, and Contingency Language:

July 1, 2026.

Taxation and Revenue Department Analyst:

Lucinda Sydow

Methodology for Estimated Revenue Impact:

There is no revenue impact associated with the implementation of this proposal.

Policy Issues:

The bill includes statutory clean-up of the procurement code providing clarity and efficiency. Several sections of the bill, including sections 2-4, and 8, strengthen the procurement code by adding more requirements for transparency. The Taxation and Revenue Department (Tax & Rev) supports these measures to increase public and local businesses’ awareness by clarifying the documentation by providing visibility to state procurement practices.

[Section 1] Reducing the years a business must pay taxes in New Mexico from three years for a resident business and five years for a contractor to one year will increase the eligible businesses that can qualify for the New Mexico business preference. Reducing the number of years a business must pay New Mexico taxes – from three for a resident business or five years for a contractor to one year – to qualify for a New Mexico business preference will increase the number of businesses eligible for the preference. The change could also benefit businesses that have considered operating in New Mexico but did not because of the five-year tax payment requirement. This change can also result in businesses that have not maintained a stable, long-term presence in New Mexico to compete with the existing preferred resident businesses.

Tax & Rev supports removing the motor vehicle excise tax from the list of taxes that must be paid the year immediately preceding the submission of the affidavit. This tax is only paid in the event of titling a vehicle and is not necessarily paid every year.

[Sections 8-10, 13] Several sections of the bill inflation adjust thresholds at which the Procurement Code does not apply, procurements excluded from purchase through the state purchasing agent, invitation to bid thresholds, or small purchase expenditures. These are supportable adjustments as these thresholds in some cases have not been inflated for 10 years and Section 10 has not been adjusted for inflation for 20 years. These increased thresholds create more efficiency for state and local governmental agencies. For example, under Section 9, if a small business purchase exceeds \$1,500, which today is approximately the price of one computer, the purchase must be made through the state purchasing agent.

[Section 18] The bill adds an exception to the monetary limitations in the procurement code, allowing state and local governments to procure contracts that temporarily exceed the monetary limits when the governor declares a state of emergency or disaster and the procurement is directly related to the emergency or disaster. Tax & Rev supports these measures to give state and local governments the fastest possible response times in the event of natural disasters and emergencies. Time is critical for the protection and security of life, residential and commercial properties, roads, and service infrastructures, such as water supplies. The bill provides clear language that procurement during these emergency declarations must be fully documented, and the suspension of the Procurement Code only applies during the period of the emergency declaration.

Technical Issues:

None.

Other Issues:

None

Administrative & Compliance Impact:

Tax & Rev will update relevant department publications. This can be completed during the normal implementation cycle with current staff members.

This bill will have a low impact on Tax & Rev’s Information Technology Division (ITD), approximately 180 hours or just over 1 month for an estimated staff workload cost of \$12,458. The estimate includes updates to the resident certificate case and application process.

Estimated Additional Operating Budget Impact*

FY26	FY27	FY28	3 Year Total Cost	Recurring or Non-Recurring	Fund(s) or Agency Affected
\$12.5	--	--	\$12.5	NR	ITD – Staff workload

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).