

<b>LFC Requester:</b>	
-----------------------	--

**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 Prepared:** 1/30/2026 *Check all that apply:*  
**Bill Number:** SB153 Original  Correction   
 Amendment  Substitute

**Sponsor:** Padilla **Agency Name and Code:** Office of Cybersecurity  
**Short:** Procurement Code Amendments **Number:** \_\_\_\_\_  
**Person Writing Analysis:** Todd Baran  
**Phone:** 505.231.3990 **Email:** Todd.baran@cyber.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
-0-	-0-	N/A	N/A

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
-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>	Unknown	Unknown	Unknown	Unknown	Unknown	

(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:

SB153 updates procurement laws by increasing thresholds, clarifying definitions, requiring CPO certification, allowing electronic procurement, and imposing new compliance and reporting requirements, as more specifically detailed below.

### **Key Sections**

#### **Section 1: Resident Business & Contractor Certification**

- Reduces taxpaying years required for resident business/contractor certification from 3–5 years to 1 year.
- To qualify, a business must pay one tax, other than or in addition to the motor vehicle excise tax..
- Adds provisions for Native American and veteran-owned businesses.
- Establishes penalties for false information and misuse of certificates.

#### **Sections 2–5: Definitions**

- Sections 2-4 adds definitions for “Best Obtainable Price,” “Notice of Invitation for Solicitation,” and “Notice of Request for Proposals.” Section 5 aligns definition of small business with federal Small Business Act.

#### **Section 6: Electronic Submissions**

- Amends existing provisions relating to electronic submissions of bids and proposals by clarifying security and transparency requirements.

#### **Section 7: Chief Procurement Officers**

- Requires agencies to report up to **two names** for CPOs.
- Mandates certification and recertification every two years.
- Requires exemption determinations to include supporting facts.

#### **Sections 8-13: Exemptions & Threshold Changes**

- Raises small purchase thresholds from \$60,000 to \$100,000.
- Raises direct purchase order limit from \$20,000 to \$60,000.
- Increases exemption amounts for certain prepayments (e.g., subscriptions) to \$100,000.

#### **Sections 14-15: Sole Source Procurement**

- Changes permissible duration of sole source contract from 1 to 4 years, including renewals.
- Reduces notice period for intent to award from 30 to 15 days.

#### **Section 16: Cost or Pricing Data**

- Requires submission of cost and/or pricing data when requested by purchasing agent.

#### **Sections 17-18: Multi-Term Contracts**

- Extends maximum term for professional services from 4 to 8 years.
- Allows longer terms for certain infrastructure and emergency contracts.

#### **Section 19: Used Equipment Procurement**

- Adds appraisal and certification requirements for auction purchases.

#### **Section 20: Payment Provisions**

- Allows prepayment for child care assistance contracts under strict conditions.

## **Section 21: Effective Date**

July 1, 2026.

## **FISCAL IMPLICATIONS**

The Office of Cybersecurity was created effective July 1, 2023 and given a mandate to increase cybersecurity in the public sector. Because of the compelling need to rapidly deploy services to protect state IT networks and infrastructure, the OCS uses both special and recurring funding to engage vendors of professional services, cloud services and software subscriptions, including the services used to monitor networks for and alert public entities of cyber threats. As it receives increased funding for permanent positions, OCS intends to expand staff and internalize as much of its services as capacity will permit. But until significant, stable recurring funding is available, OCS will heavily depend on contracted support. For these reasons, the Procurement Code impacts critical functions of the agency, and changes to the Code are closely scrutinized for fiscal and performance implications.

SB153 proposes several revisions to the Code that will benefit OCS fiscally and operationally. Significantly, expanding the professional services exemption to \$100K will enable OCS to rapidly engage subject matter expertise to assist with program development, incident response and operational coverage. The current \$60K limit for the exemption has required OCS to follow time-consuming contracting processes which encourage over-reliance on vendors with a state price agreement. Increasing the ceiling for the professional services exemption will enable OCS to draw from a larger vendor base with more diverse expertise and greater availability. As these vendors are exposed to the OCS systems, they add valuable insights that improve delivery of cybersecurity services. These limited engagements also create an opportunity to encourage a broader community of vendors to ultimately compete for a price agreement. In 2024, the number of vendors awarded IT professional services price agreements increased approximately 20 percent. One factor that impacts an award of a price agreement is having experience supporting New Mexico agencies. As more vendors deliver integral cybersecurity services under exempt contracts, OCS anticipates seeing an even greater expansion of vendors awarded prices agreements. Having a greater number of vendors on price agreement increases competition, lowers overall costs and ensures that vendors with critical expertise are available to meet the state's continually growing cybersecurity needs.

SB153 also proposes to increase the limit for pre-paid subscriptions from \$10,000 to \$100,000. In cybersecurity, an ever-increasing number of critical IT applications are offered only on a subscription basis. The existing \$10K limit on pre-payments has required OCS to procure subscriptions through resellers under statewide price agreements. These transactions increase overall costs for the subscriptions by several percent, and the reseller mark-up adds no real value to the state or the engagement. Increasing the subscription exemption will likely save the state significant reseller markup costs, plus lower the transaction costs associated with a third-party transaction.

The proposed changes to sole source limits and processes will also result in transactional savings for the state. In the IT arena generally, and with cybersecurity services specifically, it is commonplace for a solution to be offered by only a single vendor. This is because innovative solutions are required to combat increasingly sophisticated and AI fueled cyber threats. It is also commonplace for the solution of a single vendor to become so tightly integrated with operations and data streams that migrating to a new vendor will require nearly ground up

reconstruction of an operation or data management platform. The inability to easily migrate operations to a new vendor is compounded by intellectual property protections that protect vendor means and methods. Once an IT vendor's solution is enmeshed with state operations, it becomes difficult if not impossible to sever ties without monumental operational disruption. Redevelopment costs and associated delays risk protracted periods of disruption. Allowing sole source awards to extend to four years will minimize risks of operational disruption, eliminate transactional costs associated with annual sole source request and approval processes, afford agencies sufficient lead time to plan and implement solution migrations when necessary or in the best interests of the state and allow agencies to avoid costs and expense of annual change management processes.

For similar reasons, the proposal to allow professional service contracts to extend up to 8 years will ensure that highly specialized operations, services and functions can continue and that agencies will not need to incur the transactional costs associated with switching out an enmeshed vendor every four years. Numerous state agencies have long-term projects that depend on the stability and certainty that comes from secure, long-term, engagement of key personnel. In 1977, NASA sent two probes into space on exploratory missions that are still ongoing – Voyager 1 and Voyager 2. Voyager team members that were there for the launches continue to manage the program. This illustrates the long-term nature of certain IT projects. Allowing state agencies to contract for up to eight years of IT professional services will support and ensure success of critical long-term IT projects in New Mexico.

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

## **SIGNIFICANT ISSUES**

The proposed increase in the subscription agreement exemption represents a positive step toward improving procurement flexibility. However, there may be opportunities to further refine the language to ensure clarity and efficiency. In enterprise IT, subscriptions for software or software-as-a-service are typically billed on a per-user, per-device, or per-entity basis. For example, OCS pays for network scanning subscription services on a “per-asset” basis, where each network device scanned constitutes a single asset that incurs a single subscription charge. Individually, each subscription falls below the existing exemption amount, but when agencies seek to consolidate subscriptions under a single contract to cover all assets and secure bulk purchase discounts, the aggregate amount could exceed both the existing and proposed exemption thresholds. Clarifying that the exemption applies at the unit level, rather than the aggregate level, would help agencies efficiently consolidate multiple subscriptions under one contract while maintaining compliance.

Section 12 of SB153 indicates that the State Purchasing Agent (SPA) shall review professional services contracts “if required.” While this language is a good start, the statute could benefit from additional clarity regarding the conditions that trigger SPA review. Alternatively, authorizing the SPA to promulgate rules specifying when review is required would provide consistency and transparency.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

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

Public entities will continue to comply with the Procurement Code as currently configured.

## **AMENDMENTS**

Amend Section 13-1-98(J) of the Procurement Code to read:

J. purchases not exceeding [ten thousand dollars (\$10,000)] one hundred thousand dollars (\$100,000) consisting of magazine subscriptions, web-based or electronic subscriptions, conference registration fees and other similar purchases where prepayments are required. This exemption applies if the inclusion of multiple subscription units in a single contract exceeds \$100,000 provided no individual subscription unit exceeds that amount;