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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Bill 115

**SHORT TITLE:** Franchise Termination Changes

**SPONSOR:** Gonzales/Muñoz

**LAST ORIGINAL**  
**UPDATE: DATE: ANALYST:** Ceballes

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

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	Recurring	<b>General Fund</b>
<b>Total</b>	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	Recurring	<b>General Fund</b>

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

### Sources of Information

LFC Files

Agency Analysis Received From  
New Mexico Department of Agriculture (NMDA)  
Regulation & Licensing Department (RLD)  
New Mexico Department of Justice (NMDOJ)

Agency or Agencies That Were Asked for Analysis but did not Respond  
Economic Development Department (EDD)  
Taxation and Revenue Department (TRD)

## SUMMARY

### Synopsis of Senate Bill 115

Senate Bill 115 (SB115) amends and adds sections to the Franchise Termination Act, NMSA 1978, §§ 57-23-1 to -7 (1985).

Section 2 (amended): expands and clarifies the definition of “dealer” and defines “good cause” as the failure by a dealer to substantially comply with essential and reasonable requirements imposed upon the dealer by the franchise; provided that such requirements are not different from those requirements imposed on other similarly situated dealers, either by their terms or in the manner of their enforcement. Further clarification of what constitutes “good cause” is contained in the

Section 3 (new): outlines the contents of supplier notice of termination. Dealers are required to give suppliers at least 30 days' notice of termination of a franchise. Suppliers may not terminate without good cause and suppliers maintain burden of proof to establish that good cause exists.

Section 4 (new): voids attempts to waive the good cause provisions set forth in Section 3, limits the application of laws outside of New Mexico, and voids the provision of any agreement that requires a dealer to pay attorney fees incurred by a supplier.

Section 5 (new): permits dealers to pursue remedies provided for under the dealer's contract, under state law, or both.

Section 6 (new): permits a dealer to bring a cause of action against the supplier for damages sustained by the dealer as a consequence of supplier's violation.

Section 7 (new): identifies the applicability of the provisions of the act (all franchise agreements in effect that are continuing contracts with no expiration date and all other franchise agreements entered into or renewed on or after the effective date of the Act).

**Effective Date Language:** This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

## FISCAL IMPLICATIONS

SB 115 is not expected to have any fiscal impact on the state.

## SIGNIFICANT ISSUES

SB313 & HB 398 (2023) and SB194 (2025) proposed similar amendments to the Franchise Termination Act but were not enacted.

The proposed amendments to the Franchise Termination Act substantively modify the definition of "good cause", expands protections for dealers by strengthening termination notice requirements, and creates supplemental civil causes of action against suppliers violating the Act.

DC/ct/cf