

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Bill 258

**SHORT TITLE:** Fiscal Impact Reports for Rules

**SPONSOR:** Scott

**LAST ORIGINAL**  
**UPDATE:** \_\_\_\_\_ **DATE:** 2/10/2026 **ANALYST:** Garcia

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

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
LFC	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 253, House Bill 230, House Bill 231, and House Joint Resolution 11

### Sources of Information

LFC Files

#### Agency or Agencies That Were Asked for Analysis but did not Respond

Department of Finance and Administration

New Mexico Attorney General

#### Agency or Agencies That Declined to Respond

Administrative Office of the Courts

## SUMMARY

### Synopsis of House Bill 258

House Bill 258 (HB258) amends Section 2-5-4 NMSA 1978, which establishes the duties and responsibilities of the Legislative Finance Committee (LFC). SB258 would require the staff of the Legislative Finance Committee to conduct a fiscal impact analysis of rules with a significant impact proposed by the executive branch if requested by the speaker of the House of Representatives, the president pro tempore of the Senate, the minority leader of the House of Representatives, or minority leader of the Senate. The results of the fiscal impact analysis of the proposed rules shall be reported to the members of LFC. The bill outlines several requirements for inclusion in the fiscal impact analysis, including the authorizing statute for the proposed rule, the advantages and disadvantages of the rule to the state and private industry, and the estimated fiscal impact of the proposed rule, including administrative costs and costs to private industry. The bill defines “rule of significant fiscal impact” to be a rule that would result in an annual effect on the state or private industry of \$10 million or more.

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

The bill would require LFC staff to conduct a fiscal impact analysis for proposed rules at the request of legislative leadership. While SB258 could increase the workload of LFC staff, the constraints placed on when LFC would produce an impact report—only when the expected impact exceeds \$10 million and only at the request of legislative leadership—would limit the increase. workload. No fiscal impact from SB258 is projected.

## SIGNIFICANT ISSUES

**Legislative Finance Committee.** The Legislative Finance Committee (LFC) was established as the fiscal and management arm of the New Mexico Legislature in 1957. This interim committee is composed of eight members of the New Mexico House of Representatives and eight members of the New Mexico Senate and makes budgetary recommendations to the Legislature and prepares legislation addressing financial and management issues of state government. The LFC maintains a permanent staff of fiscal analysts, program evaluators, and economists who examine budgets and review the management and operations of state agencies, higher education institutions, and public schools. During the legislative session, LFC staff complete fiscal impact analysis (fiscal impact reports) for proposed legislation, as well as assisting the Legislature’s finance committees.

**State Rules Act.** The State Rules Act governs how executive agencies in New Mexico adopt, amend, or repeal administrative rules. A rule is any rule, regulation, or standard that explicitly or implicitly implements or interprets federal or state legal mandates or other applications of the law issued or promulgated by a state agency.

The State Rules Act include specific procedures to notify the public about rulemaking and provide opportunities for public commentary. The state records administrator, appointed by the Commission of Public Records, is statutorily charged with administering rulemaking under the State Rules Act, and all administrative rules promulgated are filed by this agency. The state records administrator also published all notices of rulemaking and promulgated rules in the *New Mexico Register* and posts all effective rules on the New Mexico Administrative Code (NMAC) website. Except in the case of emergency rule, no rule shall be valid or enforceable until it is published in the *New Mexico Register*.

In 2017, the Legislature amended the State Rules Act through House Bill 58, which clarified requirements and standards for the rulemaking processes, including standard timelines, notices, and public participation processes. House Bill 58 also prohibited the promulgation of rules in conflict with statute. With the passage of this bill, New Mexico followed a handful of other states that allow limited, information-only review of rules. However, New Mexico statutes do not currently prevent or limit the promulgation of rules with a fiscal impact.

New Mexico’s Constitution vests the authority to appropriate within the legislative branch; Article IV of the New Mexico Constitution stipulates, “Money shall be paid out of the treasury

only upon appropriations made by the Legislature.” SB258 would allow leaders of the Legislature to request the Legislative Finance Committee conduct a fiscal impact analysis prior to the promulgation of executive rules. The bill does not, however, prevent the adoption of the rules with a significant fiscal impact or specify any executive action in response to the fiscal analysis.

According to the National Conference of State Legislatures (NCSL), legislatures in 43 states have some form of oversight over administrative rules to ensure rules comply with statutory authority and legislative intent, and some state legislatures have the authority to veto rules. According to NCSL, state courts have heard challenges to legislative veto of administrative rules in at least 21 states.

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

Relates to Senate Bill 253, which would prevent the executive branch from promulgating rules with a negative fiscal impact without a legislative appropriation.

Relates to House Bill 230, which would create an interim administrative rule oversight committee and require notices of proposed rulemaking include a fiscal impact statement.

Relates to House Bill 231, which establishes processes for distributing rulemaking information to state legislators.

Relates to House Joint Resolution 11, which proposes a constitutional amendment to create a permanent interim administrative rule oversight committee within the legislature.

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