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FISCAL IMPACT REPORT

SPONSOR	<u>Lundstrom</u>	ORIGINAL DATE	<u>1/22/08</u>	HB	<u>HJM 4</u>
		LAST UPDATED	<u></u>	SB	<u></u>
SHORT TITLE	<u>Financial Institutions Affairs Committee</u>			SB	<u></u>
				ANALYST	<u>Cox</u>

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Joint Memorial 4 addresses the continuing financial institution problems and issues that are appearing in New Mexico and the United States. The Joint Resolution requests the above-mentioned "financial institutions affairs committee" to study these issues

This Joint Memorial requests that the New Mexico Legislative Council be requested to appoint a legislative interim "financial institutions affairs committee" to study legislative issues relating to financial institutions, including a potential reorganization of the constitutional and statutory framework for regulating financial institutions subject to state law in New Mexico, and to the interplay between federal and state regulation of financial institutions; and to recommend appropriate actions to address relevant related issues .

This Joint Resolution further requests that the newly created legislative interim committee report its findings and make its recommendations to the legislature by November 30, 2008, with copies of this memorial being transmitted to the co-chairs of the New Mexico Legislative Council.

SIGNIFICANT ISSUES

House Joint Resolution 4 states the following:

- The regulatory framework for financial institutions at federal and state levels is complex and overlapping, and the extent to which New Mexico can regulate financial institutions operating in New Mexico is unclear.
- The problems arising in areas such as mortgage lending, small loans and title insurance illustrate the concern that the present regulatory framework for financial institutions at the state level may be inadequate to protect the interests of New Mexico residents.

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- The present state regulatory framework for financial institutions in New Mexico was enacted piecemeal over the years. It has not been subjected to a comprehensive review. This framework may be inefficient and conflicting and in need of a comprehensive update.
- The modern and evolving technology has given rise to new institutions, such as the internet, that may not be adequately overseen by the current regulatory framework.
- The legislation introduced during recent legislative sessions has addressed different parts of the regulatory framework for financial institutions but has not been coordinated to address the industry as a whole.

FISCAL IMPLICATIONS

House Joint Memorial requests no additional funds. Some additional manpower may be required of the Legislative Council. Also, a time commitment is involved in this committee work.

PRC/jp