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FISCAL IMPACT REPORT

ORIGINAL DATE 03/01/11
 SPONSOR SJC LAST UPDATED 03/04/11 HB _____
 SHORT TITLE Public Peace, Health, Safety & Welfare SB CS/617/aSJC/aSCORC
 ANALYST Peery-Galon

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY11 | FY12 | FY13 | 3 Year Total Cost | Recurring or Non-Rec | Fund Affected |
|--------------|------|------|------|----------------------|-------------------------|------------------|
| Total | | * | * | * | | |

(Parenthesis () Indicate Expenditure Decreases)

*See Fiscal Implications

SOURCES OF INFORMATION

LFC Files

Responses Received From

Workforce Solutions Department (WSD)
 Public School Facilities Authority (PSFA)

No Responses Received From

General Services Department
 Department of Transportation

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment for Senate Bill 617 inserts language “providing for biennial registration” and “a registration fee for four hundred dollars (\$400) every two years”.

Synopsis of SJC Amendment

The Senate Judiciary Committee amendment to the Senate Judiciary Committee substitute for Senate Bill 617 adds language allowing the Workforce Solutions Department to mail or electronically transmit the reminder of the approaching expiration date to the public works contractor’s registration certificate.

Synopsis of Bill

The Senate Judiciary Committee substitute for Senate Bill 617 requires that no less than 30 days before the expiration of a public works contractor registration certificate, the Workforce Solutions Department is to mail to a registrant’s address as reflected in the files of the department a reminder of the approaching expiration date.

FISCAL IMPLICATIONS

WSD reported the department's Labor Relations Program currently has about 4,000 registered contractors, which is estimated to grow. A recurring cost of \$10,000 is needed every two years to develop and mail contractor registration renewal notices to contractors with an active status for the prior year. These additional costs would include 8.5 x 11 paper, mailing labels, envelopes, black ink, postage, IT support and existing FTE. No additional FTE's would be necessary. No additional cost would be incurred with a change from one year to biennial registration.

SIGNIFICANT ISSUES

PSFA reported Section 13-4-13.1 NMSA 1978 requires that all prime contractors and subcontractors seeking to bid or propose on public works construction projects valued and \$60,000 or more must be registered with the WSD and pay an annual fee of \$200. Fees collected by WSD go into the "labor enforcement fund" for use by the division for administration and enforcement of the Public Works Minimum Wage Act.

PSFA noted that WSD currently maintains a database on their website with the names, addresses, expiration dates, status and registration numbers of all contractors and subcontractors that have registered to bid on public works construction projects. There are approximately 2,000 active contractors on the registration list.

PSFA reported bid documents issued by public agencies must inform potential bidders or offerers on public works construction projects of the registration requirement and are prohibited from accepting bids or offers from prime contractors that do not have a current registration on the date that bids or proposals are due.

ADMINISTRATIVE IMPLICATIONS

WSD noted the implementation of the thirty day notice of registered contractors of upcoming registration renewal will necessitate additional monitoring duties of contractor registration renewals on the Labor Relations Program staff.

OTHER SUBSTANTIVE ISSUES

PSFA noted current statutes allow a prime contractor to substitute a subcontractor that is not registered on the date that bids or proposals were due.

PSFA stated it is unclear if the bill would give a contractor or subcontractor whose bid is rejected or is substituted pursuant to Section 13-4-36 NMSA 1978 for failure to have a current registration on the date that bids or proposals are accepted the right to appeal if they are not properly notified by WSD that their registration is due to expire.

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