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FISCAL IMPACT REPORT

SPONSOR Thomson ORIGINAL DATE 02/20/17
LAST UPDATED _____ HB 331
SHORT TITLE Landlord Return of Tenant Deposits SB _____
ANALYST Amacher

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)
Office of the Attorney General (OAG)
Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

House Bill 331 amends property law providing landlords have complied with the requirement to return tenant deposits and other itemized statements of deduction by mailing the statement and any payment by certified mail. If enacted, this bill would become effective June 16, 2017.

FISCAL IMPLICATIONS

There are no known fiscal impacts.

SIGNIFICANT ISSUES

House Bill 331 amends property law (Chapter 47-8-18 NMSA 1978) deeming compliance by a landlord by providing any returned deposits to a tenant, and other itemized statements of deduction, by mailing the payment by certified mail. In the event there are reasons for retaining any amount of the deposit, the landlord must submit the balance of the deposit, and a written list of deductions from the deposit, within 30 days by certified mail.

OTHER SUBSTANTIVE ISSUES

The New Mexico Mortgage Finance Authority (MFA) notes that under current law, it would be difficult to substantiate whether and when a landlord returned a deposit and provided an itemized statement of deduction, as required by law because there may be no record of these actions. MFA notes that by adding “certified mail” to the law provides a mechanism to substantiate that the landlord returned the deposit and provided the itemized statement of deductions, if any, in accordance with the law.

MFA indicates property owners and managers that currently receive financing through MFA already follow the current law. HB 331 would compel these property owners and managers return deposits and itemized statements of deduction through certified mail if they do not do so already.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

As noted by the OAG, deposits and statements would still need to be mailed within 30 days of termination or departure without direction on how they need to be mailed.

JMA/jle