

LFC Requester:	Simon
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original **Amendment**
Correction **Substitute**

Date 1/29/24
Bill No: SB61a

Sponsor: Gallegos/Campos
Short Title: PROCUREMENT CONTRACTS
LIMIT INCREASE

Agency Name and Code OSA 308
Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	M/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 61 as amended (SB61a or “the bill”) raises the procurement threshold for requiring separate requests for proposals for architectural or engineering services from \$7.5 million to \$15 million for state agencies and local public bodies provided that any single contract does not exceed \$2 million, including renewals. SB61a also raises the procurement threshold for requiring separate requests for proposals for indefinite quantity construction contracts from \$12.5 million to \$30 million for state agencies and local public bodies provided that any single contract does not exceed \$10 million, including renewals. The bill also raises the cap of award for any contractor to \$15 million over a four-year period for architectural/engineering services and \$30 million over a three-year period for construction.

The Senate Health and Public Affairs Committee (SHPAC) amendments adjust the limits of \$15 million and \$30 million by a new average producer price index.

FISCAL IMPLICATIONS

SB61a does not contain an appropriation.

The limits for separate requests for proposals being increased to \$15 million on architectural and engineering services contracts and \$30 million on indefinite quantity construction contracts are adjusted by SHPAC by an average producer price index calculation where, each July beginning in 2025, the current year average producer price index is multiplied by the previous year’s producer price index. There are separate producer price indices for each industry.

The producer price index for architectural, engineering and related services is defined by SB61a as the calculation of the producer price index for architectural, engineering and related services , not seasonally adjusted, or its successor index, as published by the U.S. Department of Labor.

The producer price index for commodity for final demand construction means the producer price index for final demand construction is defined by SB61a as the producer price index for final demand construction, not seasonally adjusted, or its successor index, as published by the U.S. Department of Labor.

SIGNIFICANT ISSUES

On the one hand, raising thresholds for when agencies and local public bodies must issue a new request for proposal (RFP) may encourage responses to the initial RFP as the relationship between contractor and government entity is more profitable. Raising thresholds may also be less disruptive to projects that reach thresholds for competitive procurement mid-project. On the other hand, raising thresholds by which state agencies can select multiple contractors under a single RFP can raise the amount of work for a single contractor to a more material level to the government causing additional scrutiny in the audit process and raising the risk that a single contractor will be selected over other respondents.

Additionally, the addition of adjustments yearly by a producer price index to these limits may limit the need for future policy adjustments, yet also complicate calculations for government administrators.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

Independent Public Auditors of agencies and local public bodies will need to amend procedures for new statutory compliance.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

The thresholds in law may be maintained and more disruption to projects and more competition for contractors achieved.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS