

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

SPONSOR Chandler **LAST UPDATED** _____
ORIGINAL DATE 1/30/24
SHORT TITLE Magistrate as Court of Record **BILL NUMBER** House Bill 102
ANALYST Daly

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$300.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
AOC			Up to \$247.9	Up to \$247.9	Nonrecurring	General Fund
AOC			Up to \$147.4	Up to \$147.4	Recurring	General Fund
Total			Up to \$395.3	Up to \$395.3		General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Administrative Office of the Courts (AOC)
 New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of House Bill 102

House Bill 102 (HB102) makes magistrate courts, with one exception, a “court of record,” which means all proceedings are recorded so that an appellate record is created for review by the Court of Appeals in the event there is an appeal. That appeal is on that record. A magistrate court will continue to not be a court of record for civil actions brought under the Uniform Owner-Resident Relations Act. In such a case, an appeal is taken to the district court, and shall be de novo (“from the beginning”) and tried anew in that court on its merits. House Bill 102 appropriates \$300 thousand from the general fund to the Administrative Office of the Courts for expenditure in

FY25 and subsequent fiscal years for the purpose of supporting on-record proceedings in the magistrate courts.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

The appropriation of \$300 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall not revert to the general fund. AOC explains this funding will ensure all magistrate courts have recording equipment. In 2022, AOC provided preliminary estimates of total nonrecurring costs for audio recording technology of \$247.9 thousand and on-going licensing and other recurring costs of \$147.4 thousand. As some magistrate courts are already equipped with audio recording technology, that estimate is likely higher than actual costs may be.

SIGNIFICANT ISSUES

AOC summarizes the significance of HB102:

Putting magistrate courts on the record means that all proceedings will be recorded utilizing audio recording equipment, and that trained court personnel will ensure proper recording protocols are implemented. Currently, without an official record of the proceeding, an appeal of a magistrate court decision goes to the district court for a de novo trial. A de novo, or new “from the beginning”, trial is needed because no record exists that can be reviewed upon an appeal. One primary result of implementing on-record proceedings is that appeals from the magistrate court will proceed directly to the Court of Appeals. Bypassing a second “new” trial in the district court will save administrative time and resources on the appeals of on-the-record decisions, because the appellate court will only have to review the record of the proceedings in the magistrate court, rather than conduct an entirely new trial. On-record proceedings will also eliminate additional layers of appeal, by removing the district court from the appeal process.

Importantly, on-record proceedings should promote professionalism and improved performance of the magistrate courts, because judges will be aware that their instructions, directions, exchanges with parties, and decisions are being recorded and subject to analysis and review.

AOC also explains the exception for landlord-tenant cases:

These cases have shorter statutory deadlines for disposition and appellate review, due to the time-sensitive nature of the housing issues involved. So, although the overall appellate process will be more efficient for on-the-record cases, the Court of Appeals would be challenged to comply with statutory deadlines for timely review of landlord tenant cases, which could impede resolution of important housing rights disputes. The district court is in a better position to review those cases on a more expedited basis, under the current non-record review procedures.

According to AOC, the delayed effective date will allow the Supreme Court to consider and adopt rules for on-the-record hearings in magistrate courts, as well as changes that may be necessary in rules governing appellate procedures.

PERFORMANCE IMPLICATIONS

There will be fewer appeals heard in the district court in trials de novo, and more appeals heard by the Court of Appeals. AOC reports that the Court of Appeals should be able to absorb on-the-record appeals from magistrate courts.

ADMINISTRATIVE IMPLICATIONS

AOC believes overall administrative performance of the courts will improve under HB102 because it removes an additional layer of trials in de novo in district courts.

MD/al/ne/ss