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FISCAL IMPACT REPORT

SPONSOR <u>Sedillo Lopez</u>	LAST UPDATED _____
SHORT TITLE <u>Release of Certain People from Rent Agreement</u>	ORIGINAL DATE <u>02/27/2025</u>
	BILL NUMBER <u>Senate Bill 400</u>
	ANALYST <u>Serna</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
AOC	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal		Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to House Bill 57

Sources of Information

LFC Files

Agency Analysis Received From
 Department of Public Safety
 Administrative Office of the Courts

Agency Analysis was Solicited but Not Received From
 New Mexico Department of Justice
 Housing New Mexico
 Governor’s Office on Housing

SUMMARY

Synopsis of Senate Bill 400

Senate Bill 400 (SB400) proposes certain gender neutral and clarifying language to NMSA 1978, § 47-8-33 on “Breach of Agreement by Resident and Relief by Owner” of the Uniform Owner-Resident Relations Act (“UORRA”). Section 47-8-33 currently includes some provisions for when a resident is a victim of domestic violence; SB400 proposes to amend the act to include sexual assault. The bill adds new section that allows a resident who is the victim of domestic violence or sexual assault that occurred in the dwelling unit or on the premises to terminate a rental agreement without being liable for future rent or any early termination penalties by:

- Providing written notice to the owner;
- Vacating the premises on a mutually agreed date within 30 days of the notice date; and
- Submitting either a protective order issued to the victim or a letter or form from a provider of services for victims confirming the incident.

If the resident terminates the rental agreement under this new section of UORRA, the resident would only be liable for rent owed through the lease's termination date including any previous outstanding obligations. The resident would be required to pay the owner any amount due before the date on which the resident vacates the dwelling unit. However, prepaid rent for the termination month may be retained by the owner. Security deposits cannot be withheld for early termination but may be withheld for damages or failure to maintain the premises.

If the owner installs a new lock on the premises at the resident's request, SB400 allows the owner to refuse to provide a key to the alleged perpetrator. SB400 would also deny the alleged perpetrator to reclaim property unless accompanied by a law enforcement officer.

SB400 also establishes:

- Treble damages liability for a resident convicted of falsely filing a protection order for domestic violence or for sexual assault for the purpose of terminating a rental agreement.
- Civil liability for alleged perpetrators who "interfere with rental agreements" regardless of whether they are parties to the agreement, including potential responsibility for unpaid rent, fees, repairs, and rent reductions granted to victims.
- Protections to co-residents, releasing them from financial obligations related to the terminated agreement and permitting both victims and co-residents to enter into new rental agreements if they meet all current application requirements.

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

FISCAL IMPLICATIONS

HB400 does not include an appropriation. The Department of Public Safety reported that adoption of the bill would result in no fiscal impact. However, the Administrative Office of the Courts (AOC) acknowledges that bill will have a fiscal impact, albeit difficult to quantify:

With the complexity to questions of liability for rent and damages that SB400 would add to UORRA and the additional defenses and evidence that could be presented at any trial on a petition for writ of restitution or in a hearing on damages, there could be an increase in the length of these trials and evidentiary proceedings on damages, but any corresponding fiscal impact to the courts would be difficult to quantify.

AOC's analysis of the fiscal impact suggests the proposed new section of the UORRA would likely add complexity to any trial or hearing necessitating additional time for defense and or gathering evidence. Under this scenario, the AOC's fiscal impact would most likely be indeterminate but minimal, possibly resulting in a future increase in the agency's operating costs.

SIGNIFICANT ISSUES

SB400 contains several definitional ambiguities that could impact SB400's implementation. AOC notes that SB400 does not specify the type of protective order granted to the victim:

Paragraph A (1) of Section 2 of SB 400 refers to a resident's provision of a "protective order" but does not specify whether a temporary order of protection under NMSA 1978, § 40-13-4 would suffice or if an Order of Protection under NMSA 1978, § 40-13-5 would be required.

AOC also notes that SB400 does not clarify between "domestic violence" and "domestic abuse", and leaves "sexual assault" undefined, including whether the penalties would also apply if the victim was a minor child resident:

SB400 also does not clarify what is meant by "domestic violence" and if the bill means to refer to "domestic abuse" under the Family Violence Protection Act, NMSA 1978, § 40-13-2(D), or if some other definition is intended. Similarly, SB400 does not clarify what is meant by "sexual assault" and if felony criminal sexual penetration under NMSA 1978, § 30-9-11 is intended or if the misdemeanor crime of criminal sexual contact under NMSA 1978, § 30-9-12 would also satisfy this requirement. The bill is also not clear if the early termination provisions without penalty would apply if the victim of the domestic violence or sexual assault was a minor child resident (e.g. under NMSA 1978, § 30-9-12), but, as a minor, the victim was not a party to a rental agreement.

Furthermore, AOC questions SB400's provision allowing an owner to terminate a lease agreement based on allegations without requiring charges or conviction:

SB400 would terminate a rental agreement and deny a person with access to the premises upon an allegation by the resident who alleges to be a victim without the person having been charged with or convicted of sexual assault.

Lastly, AOC also noted the inconsistent uses of "landlord" and "owner" throughout SB400:

Paragraph C, line 24 of Section 2 of SB400 refers to "landlord" instead of "owner," which is the term referenced elsewhere in this proposed new section of UORRA, and owner, not landlord, is also the defined term in NMSA 1978, § 47-8-3(L).

AOC identifies contradictory provisions within SB400 concerning rent payment when a domestic violence or sexual assault victim terminates the lease, with one clause indicating the refunding of prorated rent through the termination date while another section allows landlords to retain full prepaid monthly rent without refunding the resident, potentially creating implementation challenges:

Paragraph C of Section 2 of SB 400 could invite confusion in that in one part it provides that "the resident is liable only for rent owed or paid through the date of the rental agreement termination..." which suggests that rent would be prorated through the termination date. But, then later in that same paragraph, it provides that, "If the resident has prepaid rent that would apply for the month in which the rental agreement is terminated, the owner may retain the prepaid rent and no refund is due to the resident."

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB400 relates to HB57, which amends the Family Violence Protection Act (FPVA) to provide any indigent, alleged domestic abuse victim with the right to an attorney for assistance in all legal proceedings related to alleged domestic abuse or the alleged domestic abuser.