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FISCAL IMPACT REPORT

SPONSOR <u>Hochman-Vigil/Chandler/Lane</u>	LAST UPDATED <u>2/8/24</u>
	ORIGINAL DATE <u>1/21/24</u>
SHORT TITLE <u>Supreme Court Justice Salary Increase</u>	BILL NUMBER <u>House Bill 141/aHAFC</u>
	ANALYST <u>Davidson</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Administrative Office of the Courts	\$967.8	\$6,300.0	\$6,300.0	\$13,567.8	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 113 and Senate Bill 70

Duplicates appropriation in the General Appropriation Act

Sources of Information

LFC Files

Agency Analysis Received From
Administrative Office of the Courts (AOC)

SUMMARY

Synopsis of HAFC Amendment to House Bill 141

The House Appropriations and Finance Committee amendment to House Bill 141 (HB141) removes the appropriation from the bill and removes language regarding the magistrate justice salaries. The amendment strikes language from section D of the bill, resulting in the removal of the magistrate judges from the judicial salary formula and maintaining the current practice of judge's salaries being provided by the Legislature.

Synopsis of Original House Bill 141

House Bill 141 (HB141) increases judicial salaries and appropriates \$6.1 million from the general fund to the Administrative Office of the Courts (AOC) to fund the increases.

The bill sets the pay of justices of the Supreme Court at \$232.6 thousand. The bill also maintains

existing statute that states the chief justice will receive exactly \$2,000 more than other justices of the court.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

Because the bill would become effective in May but the appropriation would not be available until July, the Administrative Office of the Courts would have an additional cost of \$967.8 thousand in FY24.

Notably, all judicial salaries follow a formula based on the salary paid to Supreme Court justices, and HB141 would also increase salaries for Court of Appeals judges and District Court judges. The bill maintains the current formula that sets the salaries of one level of judges at 95 percent of the salaries for the judges or justices above them. For example, a Court of Appeals judge is paid 95 percent of that paid to a Supreme Court justice. However, the bill would remove magistrate court and Metropolitan Court judges from the judicial salary formula.

Agency analysis states the cost for the judicial salary increase would be \$6.3 million. The Administrative Office of the Courts states the current total costs for all judges, less magistrate and Metropolitan Court judges, is \$29.5 million; HB141 would increase this total to \$35.8 million. Currently, total costs for magistrate judges in New Mexico is \$10.3 million. If HB141 passed but magistrate judges were not removed from the judicial pay formula, the total cost would rise to \$12.5 million.

SIGNIFICANT ISSUES

Without language providing for regular growth in the salaries, such as a cost-of-living increase, judicial salaries would remain flat, regardless of funding availability or inflation. Similarly, those salaries would be unaffected in years when state agency budgets shrink.

The bill does not outline if the magistrate justice pay will remain flat or grow, nor does it create a possible new formula for magistrate judges. While agency analysis expressed no concern as to the hiring of magistrate judges if positions need to be filled, if magistrate judge pay remains flat and inflation grows, it could become an issue in the future.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 141 relates to House Bill 113, which would provide a salary increase for Supreme Court justices tied to the consumer price index, and Senate Bill 70, which ties state Supreme Court justice salaries to that of federal magistrate judges. The introduced version of the General Appropriation Act of 2024 includes funding for pay raises for all state employees.

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