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HOUSE BILL 422

**52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

INTRODUCED BY

William "Bill" R. Rehm

AN ACT

RELATING TO PERSONNEL; RESTRICTING SEVERANCE PAY PROVISIONS IN  
STATE AGENCY EMPLOYMENT CONTRACTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1. [NEW MATERIAL] EMPLOYMENT CONTRACTS--**

**RESTRICTING SEVERANCE PAY PROVISIONS.--**

A. A state agency that enters into an employment contract with an annual value of one hundred fifty thousand dollars (\$150,000) or more, or renewal or renegotiation of an existing employment contract, that contains a provision for severance pay shall include the following provisions in the employment contract:

(1) a requirement that severance pay may not exceed an amount greater than ten weeks of compensation;

(2) a prohibition on the payment of severance

1 pay when the employee has been terminated for misconduct; and  
2 (3) an agreement that all severance provisions  
3 and documents shall be available to the public.

4 B. A public employee may receive severance pay that  
5 is not provided for in an employment contract if the severance  
6 pay represents the settlement of a court employment dispute.  
7 Such severance pay may not exceed an amount greater than six  
8 weeks of compensation. The settlement shall not include  
9 provisions that limit the ability of any party to the  
10 settlement to discuss the court employment dispute or  
11 settlement.

12 C. This subsection does not create an entitlement  
13 to severance pay in the absence of its authorization.

14 D. As used in this section:

15 (1) "employment contract" means an agreement  
16 that is between a public employee and a state agency for the  
17 rendition of services, including professional services, and  
18 that is no more than eighteen months in duration and can only  
19 be renewed within six months of expiration;

20 (2) "public employee" means any officer or  
21 employee of a state agency to whom a salary is paid from public  
22 funds for services rendered; and

23 (3) "severance pay" means the actual or  
24 constructive compensation, including salary, benefits or  
25 perquisites, for employment services yet to be rendered that is

underscoring material = new  
~~[bracketed material] = delete~~

1 provided to an employee who has recently been or is about to be  
2 terminated. "Severance pay" does not include compensation for:

3 (a) earned and accrued annual, sick,  
4 compensatory or administrative leave;

5 (b) early retirement pursuant to  
6 provisions established in an actuarially funded pension plan;  
7 or

8 (c) any subsidy for the cost of a group  
9 insurance plan available to an employee upon normal or  
10 disability retirement that is by policy available to all  
11 employees of the state agency pursuant to the agency's health  
12 insurance plan. This subparagraph shall not be construed to  
13 limit the ability of a public body pursuant to Section 14-2-4  
14 NMSA 1978 to reduce or eliminate such subsidies.

15 **SECTION 2. APPLICABILITY.**--The provisions of this act  
16 apply to employment contracts entered into, extended or renewed  
17 after June 30, 2015.

18 **SECTION 3. EFFECTIVE DATE.**--The effective date of the  
19 provisions of this act is July 1, 2015.

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