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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/27/15

SPONSOR Rehm LAST UPDATED \_\_\_\_\_ HB 422

SHORT TITLE State Agency Contract Severance Pay SB \_\_\_\_\_

ANALYST Jorgensen

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NFI	NFI	NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

State Personnel Office (SPO)

Attorney General's Office (AGO)

### SUMMARY

#### Synopsis of Bill

House Bill 422 restricts the ability of a state agency to provide severance pay to employees whose employment contract is valued at \$150 thousand or more per year. HB 422 would limit severance pay to a value not to exceed 10 weeks compensation, prohibits any severance pay when the employee has been terminated for misconduct, and makes public all severance provisions contained within the employment contract.

HB 422 defines severance pay as the actual or constructive compensation, including salary, benefits or prerequisites, for employment services yet to be rendered that is provided to an employee who has recently been or is about to be terminated.

### FISCAL IMPLICATIONS

SPO reports that state classified employees do not enter into employment contracts (see *Significant Issues*) so that this legislation would not affect any employees under the current system. Therefore the enactment of HB 422 will have no fiscal impact.

**SIGNIFICANT ISSUES**

State classified employees do not enter into employment contracts with public employers, and governor's exempt employees are considered "at will" employees, and do not have employment contracts with severance pay provisions. There are no employees of state agencies employed under employment contracts with a duration greater than 18 months.

CJ/je