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FISCAL IMPACT REPORT

SPONSOR	Reps. Rubio, Garratt and Ortez/Sens. Duhigg and O’Neill	LAST UPDATED	2/03/2024
		ORIGINAL DATE	1/25/2024
		BILL	House Joint
SHORT TITLE	Commission on Legislative Salaries, CA	NUMBER	Resolution 7
		ANALYST	Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
SOS/Elections	No fiscal impact	\$75.0 - \$85.0	No fiscal impact	\$75.0 - \$85.0	Nonrecurring	General Fund
Commission			Indeterminate but minimal		Recurring	General Fund

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

Note: The table above does not show the budget impact of HJR7 if voters ratify the amendment, only the cost of putting the proposed amendment to a vote at the next general election.

Relates to House Joint Resolutions 1 and 5; and Senate Joint Resolutions 3 and 4

Sources of Information

LFC Files

Agency Analysis Received From
 Administrative Office of the Courts (AOC)
 General Services Department (GSD)
 Secretary of State (SOS)

Agency Analysis was Solicited but Not Received From
 Department of Finance and Administration (DFA)
 Legislative Council Service (LCS)

Agency Declined to Respond
 State Personnel Office (SPO)

SUMMARY

Synopsis of House Joint Resolution 7

House Joint Resolution 7 (HJR7) proposes an amendment to Article 4 of the Constitution of New Mexico to add a section that creates a “citizen commission on legislative salaries” to consider salaries for members of the Legislature and adopt a final report on its determination to establish, adjust, or limit those salaries, on or before January 1, 2026, and every four years thereafter.

HJR7 also proposes to amend Section 10 within Article 4 of the Constitution of New Mexico to change the per diem rate for members of the Legislature, from the Internal Revenue Service per diem rate to the per diem rate set by the federal General Services Administration for federal employees and officials for the City of Santa Fe, for each day's attendance. In addition to per diem, the amendment also provides for the citizen commission to set salaries for legislators.

The nine member "citizen commission on legislative salaries" would adopt a final report, on the affirmative vote of at least six members of the commission. The report is to be filed with the Secretary of State (SOS) on or before January 1, 2026, and every four years thereafter. Under HJR7, salaries adopted shall become effective on the first state employee pay period in July immediately following the adoption of the report, so presumably July 2026. HJR7 prohibits more than five members of the commission belonging to the same political party at time of appointment. The joint resolution is silent with regards to citizens who do not align themselves with either party.

The joint resolution provides that the amendment be put before the voters at the next general election (November 2024) or a special election prior to that date called for the purpose of considering the amendment. The amendment would only be effective if approved by voters.

FISCAL IMPLICATIONS

SOS explains that under Section 1-16-4 NMSA 1978 and the New Mexico Constitution, the office is required to print samples of the text of each constitutional amendment in both Spanish and English in an amount equal to 10 percent of the registered voters in the state. SOS is required to publish the samples once a week for four weeks preceding the election in newspapers in every county. Further, the number of constitutional amendments on the ballot may impact the ballot page size or cause the ballot to be more than one page, increasing costs. The estimated cost per constitutional amendment is \$75 thousand to \$85 thousand, depending on the size and number of ballots and if additional ballot printing stations are needed.

Should this proposed constitutional amendment be approved by voters, the "citizen commission on legislative salaries" would be established as an independent state agency and members of the commission would be eligible for per diem and mileage as are members of other boards and commissions. Although serving without compensation, the commission could need staff and resources to hire experts to help research, write, and publish a report at least every four years.

Section 2, amending Article 4, Section 10, of the constitution, would authorize each member of the Legislature to receive a salary established by the commission in addition to per diem for session and interim meetings. The Legislature would be required to appropriate sufficient funding in an appropriations bill for those salaries, and benefits too, if included. An exact cost for 112 members would be based on recommendations in the commission's report; however, the total cost of a salary of \$50 thousand would be \$5.6 million excluding benefits. If healthcare and pension benefits are included that are similar to what state employees currently receive on average, compensation costs could increase to approximately \$7 million per fiscal year. The impact of salaries likely would not be felt until FY27 or later.

SIGNIFICANT ISSUES

The proposed joint resolution suggests that establishing salaries for New Mexico’s legislators will make public service easier to enter for more of its economically disadvantaged citizens.

New Mexico is the only state with an unsalaried Legislature although they receive per diem and earn a small retirement benefit. A chart detailing examples of select states’ legislative salary and per diem can be found at <https://www.nmlegis.gov/Sessions/23%20Regular/firs/HJR08.PDF>

In the analysis for HJR8 from 2023, PERA pointed out that legislators currently receive retirement benefits based on a calculation that is unique among all members covered under the Public Employees Retirement Act. Because legislators are constitutionally prohibited from receiving salaries, contribution rates and benefit calculations are not based on salaries. If HJR7 is ratified, that distinction would no longer exist and legislation to implement HJR7 may include amendments to change the current plan to be more consistent with that for other state employees.

ADMINISTRATIVE IMPLICATIONS

It is unclear if the commission would be administratively attached to the Legislative Council Service (LCS). If so, the council will need to establish policies and procedures to select and appoint citizen commission members, establish terms for the commission members, and establish a process to fill vacancies. There will also be additional work for the LCS and staff while they update operational rules and procedures.

TECHNICAL ISSUES

The bill does not mention benefits, which may be an oversight or assumed to be a portion of salaries. Using the term “compensation” refers to salary and benefits, which include healthcare, a pension and retiree healthcare.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Joint Resolution 7 relates to HJR1, HJR5, SJR3 and SJR4, all of which propose legislative session changes.

AHO/al/ne/ss/rl/hg/ss