

<b>LFC Requester:</b>	<b>Mercer Garcia</b>
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)**

*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 01/24/2025 *Check all that apply:*  
**Bill Number:** HB 11 Original  Correction   
 Amendment  Substitute

**Sponsor:** Rep. Chander **Agency Name and Code** 419  
**Short Title:** Paid Family and Medical Leave Act **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.00	TBD	Nonrecurring	Paid Family Medical Leave Fund

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY29	FY30	FY31		
\$6,000.00	\$6,000.00	\$6,000.00	Recurring	General Fund
Indeterminant	Indeterminant	Indeterminant	Recurring	Paid Family Medical Leave Fund

(Parenthesis ( ) indicate revenue decreases)

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

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	Significant and	Significant and	Significant and	Significant and	Recurring	DWS Base

	Indeterminant	Indeterminant	Indeterminant	Indeterminant		Budget
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(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

House Bill 11 creates the Paid Family and Medical Leave Act, creates the Paid Family and Medical Leave Fund to pay a percentage of the Eligible Applicant’s wage allowing the Applicant to bond with a new child, care for a family member, prepare for and adjust to a spouse’s military deployment, or take action to protect the Employee or Employee’s family member from certain forms of violence. HB 11 places the administration of the program within the Department of Workforce Solutions (DWS), creates a temporary advisory committee, and limits the time allowed for Paid Family and Medical Leave (FMLA), with certain exceptions.

The Bill establishes a formal state entitlement program allowing employees to receive compensation for taking leave using the following types of leave: family leave for an employee to bond with a child, safe leave for an employee to protect themselves or their family member from domestic violence, qualifying exigency for an employee’s family member's active duty service or notice of an impending call or order to active duty in the armed forces, or medical leave for the employee to care of themselves or a family member with a serious health condition.

The Paid Family and Medical Leave Act mandates participation in the program by all employers within New Mexico to collect and remit premiums to the fund except when the employer participates in a qualifying and equivalent program for their employees and must be granted a waiver by DWS. The Department must promulgate and adopt rules by July 1, 2026.

Beginning January 1, 2029, and at the end of each fiscal year thereafter, \$6 million will be transferred from the Paid Family and Medical Leave Fund to the General Fund until the total amount transferred equals the amount of the initial appropriation of the fifty-seventh legislature.

The bill also outlines:

- how the Paid Family and Medical Leave fund is funded through employer and employee contributions and investment,
- how the fund shall be maintained to ensure solvency and self-sufficiency,
- how funds are disbursed,
- how employer and employee contributions are calculated,
- requirements for quarterly reporting and remittance of employer and employee contributions to DWS,
- employee eligibility and documentation requirements for compensation,

- how compensation is calculated for continuous and intermittent leave,
- employee requirements regarding notification to employer of approved leave application and scheduling leave,
- benefits and requirements for self-employed individuals,
- confidentiality,
- appeal procedures and DWS disciplinary powers,
- employer and employee requirements upon return to employment,
- the structure, membership, and administration of the Paid Family and Medical Leave Implementation Advisory Committee.

## **FISCAL IMPLICATIONS**

### **SIGNIFICANT ISSUES**

Historically New Mexican's have a low savings rate compared to residents in other states as well as a comparatively high poverty rate<sup>1</sup>. These two factors make unforeseen financial disruptions difficult to manage for many New Mexicans. A paid leave program, which acts in part as a government run insurance program, could help buffer this financial insecurity for working individuals who lack the savings or financial flexibility to manage a loss of income for several weeks or months.

One of New Mexico's current priorities is to diversify our economy away from the state's reliance on a few key industries and government employment. This bill creates a mandatory benefit program providing a potentially important benefit for workers and self-employed individuals, it also restricts employer flexibility, raises costs, impacts scheduling and workforce availability. These impacts may make New Mexico less competitive in recruiting new businesses to the state and make it more expensive and difficult to start a business in the state, and make it more expensive for existing businesses to remain in the state. When looking where to locate investments, government workplace mandates are an important factor site selectors consider.

New, growing, and relocating businesses may see challenges with the bill including its insertion of a government program into the traditional role of a business's Human Resources staff. This disruption of the historical relationship may:

- Result in a loss of internal control and staff management, causing scheduling and other challenges;
- Cause employees to feel disconnected or resentful because money will be taken from their paychecks and they will be forced to interact with a government agency to receive benefits instead of getting benefits directly from their employer; and,
- Cause a company to be less flexible with an employee because of strict mandates tied to the design of the program.

Create difficulty for multi-national or multi-state employers that will be required to create a patchwork of benefit plans for their employees, creating additional administrative and compliance costs for businesses or business sub-divisions located in New Mexico.

<sup>1</sup> U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplement

## **PERFORMANCE IMPLICATIONS**

**ADMINISTRATIVE IMPLICATIONS**

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Similar to SB 3 introduced in 2024.

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

**AMENDMENTS**