

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION
WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to 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: 2/9/25 *Check all that apply:*

Bill Number: HB 246 Original Correction
Amendment Substitute

Sponsor: Rep. Patricia Roybal Caballero

Agency Name and Code Number: AOC 218

Short Title: Increase Minimum Wage

Person Writing Analysis: Celina Jones

Phone: 505-470-3214 **Email:** aoccaj@nmcourts.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
None	None	Rec.	General

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
Unknown	Unknown	Unknown	Rec.	General

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Unknown	Unknown	Unknown	Unknown	Rec.	General

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Conflicts with HB 22 (also amending Section 50-4-22 NMSA 1978).

Duplicates/Relates to Appropriation in the General Appropriation Act: None.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB 246 amends Section 50-4-21 NMSA 1978, within the Minimum Wage Act, to reduce the exceptions to inclusion within the definition of “employee” to the following individuals employed by an employer:

- (1) An individual employed in a bona fide executive, administrative or professional capacity and forepersons, superintendents and supervisors;
- (2) Salespersons or employees compensated upon piecework, flat rate schedules or commission basis;
- (3) G.I. bill trainees while under training; or
- (4) Any employee employed in agriculture if the employee is employed as a hand-harvest laborer and is paid on a piece-rate basis in an operation that has been, and is customarily and generally recognized as having been, paid on a piece-rate basis in the region of employment.

HB 246 also amends Section 50-4-22(A) NMSA 1978, governing minimum wages, to require an employer, on and after January 1, 2026, to pay to an employee a minimum wage rate of seventeen dollars (\$17.00) an hour adjusted annually pursuant to the provisions of Subsection C, providing the following formula for minimum wage rate adjustment:

C. On January 1, 2027 and on January 1 of each successive year, the minimum wage rate shall be adjusted by multiplying the minimum wage as of January 1, 2026 by a fraction, the numerator of which is the consumer price index ending in September of the previous year and the denominator of which is the consumer price index ending September 2025; provided that the minimum wage rate shall not be adjusted downward as a result of a decrease in the consumer price index. By November 1, 2026 and by November 1 of each successive year, the workforce solutions department shall post on its website and otherwise notify employers of the minimum wage for the next year.

HB 246 repeals Section 50-4-23 NMSA 1978, governing the minimum wage of persons with a disability, and permitting compensation of individuals whose earning or productive capacity is impaired by disability or injury at wages that are lower than the minimum wage applicable under Section 50-4-22 NMSA 1978, but not less than fifty percent of such wage.

FISCAL IMPLICATIONS

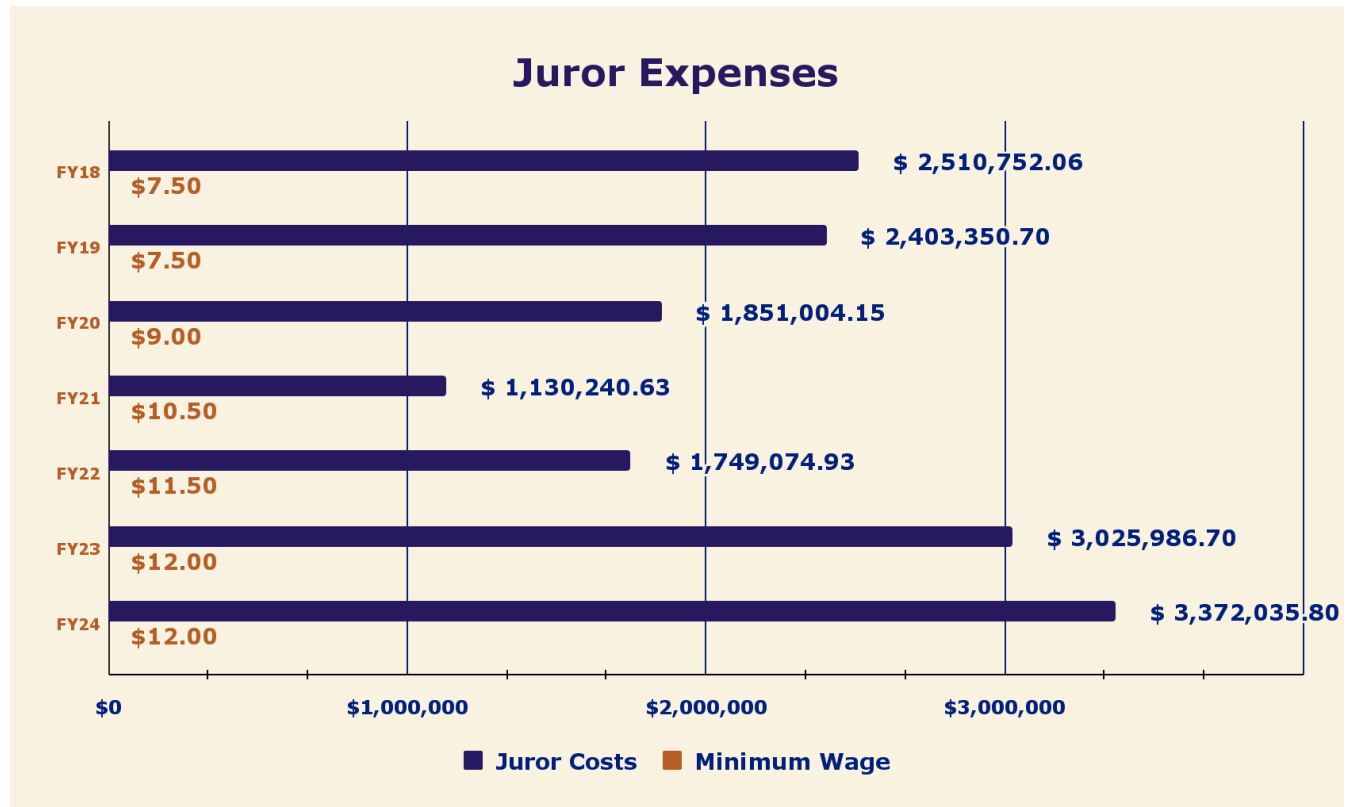
The fiscal implications for the Judiciary will be covered by the Jury and Witness Fund, which is managed by the Administrative Office of the Courts (AOC). AOC is required by law to pay jurors

the minimum wage. See Sections 35-8-7(A) and 38-5-15.

The Jury and Witness Fund received a General Fund, (GF) appropriation of \$837,200 for Fiscal Year 2022 and collected \$1,427,176 in Jury Demand Fees. In FY25, the Jury and Witness Fund no longer receives revenue from jury demand fees due to HB139 Elimination of court fees.

- FY22 GF \$837,200; revenue \$1,427,176,
- FY23 GF \$1,121,100; revenue \$1,480,940,
- FY24 GF \$1,167,700; revenue \$1,667,132,
- FY25 GF \$2,177,300; the program will still have revenue from civil filing fees. This is projected at about \$700,000. FY25 is the first year without post-adjudication fees.

Minimum wage increased mid-fiscal year, starting in FY20, from \$7.50 to \$9.00, then to \$10.50, \$11.50, and finally to \$12.00 in FY23. The impact of the minimum wage increase was not as noticeable during FY21 and FY22 due to the pandemic and the suspension of jury trials for nearly an entire year. However, starting in FY23, the cost of payments to jurors became significantly higher, and without an increase in our General Fund appropriations, this has put juror payments at risk.



Jury fees are collected from parties who request civil juries. Previously, the Jury and Witness Fund generated revenue from the jury demand fees as outlined in Section 35-6-1 NMSA 1978. However, beginning in FY24, the Jury and Witness Fund no longer receives revenue from jury demand fees due to the elimination of court fees. Funds from the Jury and Witness Fee Fund may be used in part to cover the costs associated with jurors, prospective jurors, and subpoenaed witnesses.

FY24 and estimated FY25 payments at the current minimum wage of \$12/hour: Jurors are paid at the minimum wage rate and as the rate increases, so will the costs to the Jury and Witness Fund administered by AOC. In FY23 the rate paid to jurors increased to \$12.00/hour to align with the current minimum wage. This resulted in increased juror payments in FY24 of \$346,049, for a total

of \$3,372,035.80 in FY24. For FY25, AOC estimates total juror payments of \$3,718,84.90 corresponding to an anticipated increase in jury trials.

Estimated juror payments at the proposed minimum wage of \$17/hour: With a minimum wage increase to \$17.00 per hour in January 2026, AOC projects an annual increase in juror payments from FY24 of \$1,406,866, for a total of \$4,778,901.98. The bill also includes future yearly increases. By the end of FY25, the projected additional expenses will not be sustainable with the Jury and Witness Fund's current revenue structure of a flat general appropriation and one time funding appropriations.

SIGNIFICANT ISSUES

1) S. 2488, the Raise the Wage Act of 2023 (<https://www.congress.gov/bill/118th-congress/senate-bill/2488>), introduced in July of 2023, would raise the federal minimum wage to \$17 by 2028 and

- Index future increases in the federal minimum wage to median wage growth;
- Guarantee tipped workers are paid at least the full federal minimum wage by phasing out the subminimum wage for tipped workers;
- Guarantee teen workers are paid at least the full federal minimum wage by phasing out the rarely used subminimum wage for youth workers; and
- End subminimum wage certificates for workers with disabilities to provide opportunities for workers with disabilities to be competitively employed and participate more fully in their communities.

See, *Raise the Wage Act of 2023 Fact Sheet*, https://democrats-edworkforce.house.gov/imo/media/doc/raise_the_wage_act_of_2023_fact_sheet.pdf. See also, *Why the U.S. needs at least a \$17 minimum wage*, Economic Policy Institute, July 2023, <https://www.epi.org/publication/why-17-minimum-wage/> and *The Budgetary and Economic Effects of S. 2488, The Raise the Wage Act of 2023*, Congressional Budget Office, December 2023, <https://www.cbo.gov/publication/59833>.

2) See *Minimum Wage Hikes are Not the Solution for New Mexico in 2024*, The Heartland Institute, December 2023, <https://heartland.org/publications/minimum-wage-hikes-are-not-the-solution-for-new-mexico-in-2024/>. But see, *New Mexicans are Worth More: Raising the State's Minimum Wage*, NM Voices for Children, August 2018, [https://www.nmvoices.org/archives/11933#:~:text=A%20minimum%20wage%20increase%20to%20annual%20increase%20of%20about%20\\$387](https://www.nmvoices.org/archives/11933#:~:text=A%20minimum%20wage%20increase%20to%20annual%20increase%20of%20about%20$387) and *Raising the State Minimum Wage*, NM Voices for Children, January 2017, <https://www.nmvoices.org/archives/8460#:~:text=Summary%20of%20the%20Impact%20of,slight%20increase%20in%20total%20employment>.

3) The Constitutions of the United States and the State of New Mexico guarantee the right of trial by jury. Juries may consist of six or twelve members depending on the court and type of case. If the AOC Jury and Witness Fund is not adequately funded based on increased use of jurors and an increase to the minimum wage, sustainability of the AOC Jury and Witness Program to provide and pay jurors for service will result in violations of the Constitution by not having jurors available, continuation of cases creating and backlog or dismissal of cases.

PERFORMANCE IMPLICATIONS

The courts are participating in performance-based budgeting. This bill may have an impact on the measures of the district courts in the following areas:

- Cases disposed of as a percent of cases filed
- Percent change in case filings by case type
- Depleting the Jury and Witness Fund each year by mid year and not being able to conduct jury trials

ADMINISTRATIVE IMPLICATIONS

See “Fiscal Implications,” above.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Conflicts with HB 22 (also amending Section 50-4-22 NMSA 1978).

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS