

**NMDOT BILL ANALYSIS
2025 REGULAR SESSION**

[Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message]

SECTION I: GENERAL INFORMATION

[Indicate if analysis is on an original bill, amendment, substitute, or a correction of a previous bill]

Check all that apply:

Original Amendment _____
Correction _____ Substitute _____

Date Prepared: 1/30/2025

Bill No. SB 24

Sponsor: Michael Padilla and Joy Garratt

Agency/ Code: NMDOT - 805 -
Revenue Planning Bureau

Short Title Apprentice & Training Program
Contributions

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Not Applicable

REVENUE (dollars in thousands)

Not Applicable

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	See Fiscal Impact below					

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 24 (SB 24) amends NMSA 1978, Section 13-4D-4 the "Public Works Apprentice and Training Act" Subsection B, (Act) to eliminate the Act's permissive language which allowed exclusion of street, highway, bridge, road, utility, or maintenance contracts from the public works projects that require employers to make contributions to approved apprentice and training programs in New Mexico. The effect is that all public works construction contractors will be required to make contributions to approved apprentice and training programs administered by the Department of Workforce Solutions (DWS).

There is no effective date, so if enacted the bill would be effective 90 days after the conclusion of the legislative session (June 20, 2025).

FISCAL IMPLICATIONS

SB 24 will require contractors and subcontractors performing New Mexico Department of Transportation (NMDOT) construction and maintenance work to contribute to DWS for each hour of labor provided on public works projects. Previously, NMDOT assumed the contribution to be \$0.60 per hour for purposes of assessing a fiscal impact to its program. It is likely any increase or extended overhead costs to the contractors will be passed through to the NMDOT programs through increased pricing for bid items. At this time, it would be speculative for NMDOT to assess whether and how much contractor pricing may change.

Specifically, NMDOT cannot assess the impact because NMDOT does not pay contractors based on hourly charges and it is unclear to what extent a contractor may change its prices to account for the contribution obligation. However, as a very rough estimate, assuming the hourly contribution will be passed through to NMDOT dollar for dollar on each project and using a representative sample of annual labor hours based on certified payrolls reported for federally funded construction projects (2021: 1,837,506.33 reported labor hours; 2022: 1,638,075.37 reported labor hours), the cost impact on this subset of NMDOT projects could be estimated to be \$1,102,503.80 and \$982,845.22 respectively. For purposes of estimating an impact to the full NMDOT operations program, a dollar-for-dollar impact may be estimated approximately as \$2.0 million per year.

SIGNIFICANT ISSUES

SB 24 enforces the Act's contribution requirement to all public works contractors and subcontractors. The contribution applies to each hour a public works contract laborer works on a project. The contributions fund the DWS program for skills development apprenticeships and trainings for recognized occupations. The Act enforces the contribution requirement by disqualifying a non-compliant employer from bidding on public works projects.

In the past the Act exempted the heavy highway contractors that perform NMDOT construction and maintenance projects. SB 24 will require NMDOT contractors and subcontractors to contribute to the DWS apprentice program. Many of these contractors, which meet certain federal thresholds, are subject to federal on-the-job training obligations. Additionally, NMDOT contractors and subcontractors participate in the New Mexico Technician Training and Certification Program (TTCP) provided through a joint agreement between NMDOT and the Associated Contractors of New Mexico (ACNM). The TTCP provides testing and certification services and the associated documentation to ensure that all materials and highway projects are properly measured and evaluated in accordance with national standards for transportation construction. The TTCP training programs are specifically designed for the work necessary for highway construction and are not duplicated by or a part of the DWS apprentice trainings which apply to "building trades" not highway construction services.

PERFORMANCE IMPLICATIONS

Unknown at this time.

ADMINISTRATIVE IMPLICATIONS

The Act requires public works project owners, such as NMDOT, to ensure contractors have not been disqualified from bidding based on non-compliance with the DWS apprentice training program. Implementation of SB 24 will have minimal administrative impact to the NMDOT in that NMDOT would need to ensure contractors and subcontractors are not disqualified from project work based on non-compliance with DWS contribution obligations. This check will add a step to the responsibility determination, contract award or subcontract approval process but would not otherwise impact NMDOT's administrative process.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The SB 24 amendment to NMSA 1978, Section 13-4D-4(B) removing the existing exemption applicable to street, highway, bridge, road, utility, or maintenance contracts, may conflict with NMSA 1978, Section 13-4D-3(A), which defines the approved programs to apply to "building trades" recognized by the U.S. Department of Labor Bureau of Apprenticeship and Training or the New Mexico Apprenticeship Council.

TECHNICAL ISSUES

None identified at this time.

OTHER SUBSTANTIVE ISSUES

To the extent that NMDOT public works highway construction and maintenance programs may be impacted by contractors and subcontractors passing through the increased labor costs associated with the SB 24 contribution requirement, local government road construction and maintenance projects may be similarly impacted.

ALTERNATIVES

None at this time.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMDOT public works highway contractors and subcontractors will continue to use the existing TTCP and, where applicable, will continue to comply with federal on-the-job training obligations.

AMENDMENTS

None at this time.