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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 1/31/25

SPONSOR Padilla/Chávez, E

BILL

SHORT TITLE Public Works Minimum Wage Definitions **NUMBER** Senate Bill 59

ANALYST Garcia

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DOT	Indeterminate but minimal	Indeterminate but moderate	Indeterminate but moderate	Indeterminate but moderate	Recurring	General Fund
GSD	Indeterminate but minimal	Indeterminate but moderate	Indeterminate but moderate	Indeterminate but moderate	Recurring	General Fund
WSD	Indeterminate but minimal	\$50.0	\$50.0	\$100.0	Recurring	General Fund
Total	Indeterminate but minimal	Indeterminate but moderate	Indeterminate but moderate	Indeterminate but moderate	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Conflicts with House Bill 6.

Sources of Information

LFC Files

Agency Analysis Received From
 Workforce Solutions Department (WSD)
 General Services Department (GSD)

Agency Analysis was Solicited but Not Received From
 New Mexico Department of Transportation (NMDOT)

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of Senate Bill 59

Senate Bill 59 (SB59) amends the Public Works Minimum Wage Act (PMMWA) to include “off-site fabricator” to the list of workers who must receive prevailing wages and benefits when completing public works projects.

The bill defines “off-site fabricator” as a person who earns a wage to fabricate heating, cooling, ventilation or exhaust duct systems that are part of a public works project or any other fabrication that is either a component or structure that is prefabricated to specifications for use in or on a public works project.

The effective date of this bill is July 1, 2025. The bill notes the act will apply to requests for proposals and invitations for bids for procurement for public works projects issued on or after July 1, 2025.

FISCAL IMPLICATIONS

The General Services Division (GSD) notes no potential fiscal impact resulting from this bill. GSD reports the agency does limited contracting for pre-fabrication projects.

However, given the bill applies to subcontractors, it may be difficult for GSD to determine the extent to which subcontractors employ off-site fabricators. Thus, it is difficult to determine if the agency would experience significant increases to contracting costs associated with increased wages.

The New Mexico Department of Transportation (NMDOT) did not provide any analysis for this bill. NMDOT may also experience increased costs for contractual services to the extent the agency relies on contractors and subcontractors who employ off-site fabricators.

As such, the bill has the potential to result in an indeterminate but moderate fiscal impact for both agencies.

The Workforce Solutions Department (WSD) notes the expansion of the PWMWA will necessitate additional WSD administrative responsibilities related to enforcement and training to ensure staff and stakeholders understand new bill requirements. WSD estimates annual recurring cost increases of \$50 thousand.

SIGNIFICANT ISSUES

Under the state’s PWMWA every contract involving the state or a political subdivision for more than \$60 thousand to construct, alter, demolish, or repay the costs of public buildings, public works, or public roads requires certain types of laborers to be paid a minimum wage and fringe benefits.

Through administrative rule, the WSD determines the prevailing wage based on classes of laborers and mechanics employed in a similar nature on contract work in the state or locality. Administrative code requires WSD to determine prevailing wages to be those used in collective bargaining agreements when collective bargaining agreements exist between labor unions and their signatory employers. When no collective bargaining agreements exist, administrative code outlines how WSD establishes prevailing wages.

When an agency receives a contract to perform public works projects, the contracting agency must notify WSD and include wage rate agreements. WSD then ensures enforcement of these wages, which apply to subcontractors.

SB59 would expand the categories of workers under the PWMWA to include “off-site fabricators,” and contractors seeking public works projects would be required to pay prevailing wages for these workers.

WSD notes in its analysis the bill aims to improve wage parity and compliance in public works projects by expanding workers covered under the PWMWA.

PERFORMANCE IMPLICATIONS

WSD notes the inclusion of “off-site fabricators” in the PWMWA expands the scope of wage protections and places new compliance responsibilities on WSD, which monitors and enforces the PWMWA.

ADMINISTRATIVE IMPLICATIONS

WSD notes the phrase used in the bill “any other fabricators” lacks specificity, which will make it difficult for WSD to determine what qualifies as a prefabricated component or structure when reviewing public works bids or monitoring compliance. To address this, WSD notes the agency would need to engage the construction industry in the formulation of regulations.

WSD notes the bill also does not explicitly require public works bids document whether off-site fabrication is involved in a project, and WSD would need to promulgate rules requiring contractors disclose all off-site fabrication.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 6 would also amend the [PWMWA](#) under Section 13-4-11.

TECHNICAL ISSUES

WSD notes the language in the current draft of the bill regarding the scope of the act to workers “employed on the project site” creates some conflict.

RMG/hj/hg/sgs