

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

## FISCAL IMPACT REPORT

**SPONSOR** Duncan **LAST UPDATED** 3/08/2025  
**ORIGINAL DATE** 2/22/2025  
**BILL** House Bill  
**SHORT TITLE** Notice of Use of Earned Sick Leave **NUMBER** 415/aHCEDC  
**ANALYST** Hanika-Ortiz

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

| Agency/Program | FY25 | FY26             | FY27             | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|----------------|------|------------------|------------------|-------------------|---------------------------|---------------|
|                |      | No fiscal impact | No fiscal impact |                   |                           |               |

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 11

### Sources of Information

LFC Files

Agency Analysis Received From  
Workforce Solutions Department (WSD)  
State Personnel Office (SPO)

## SUMMARY

### Synopsis of HCEDC Amendment to House Bill 415

The House Commerce and Economic Development Committee amendment to House Bill 415 would require employees to give notice as soon as practicable, in the absence of a written policy.

### Synopsis of Original House Bill 415

House Bill 415 (HB425) amends Section 50-17-3 NMSA 1978 (Healthy Workplaces Act) as it relates to the use of earned sick leave when it is not foreseeable. The bill would require employees to provide notice to their employers “pursuant to the written policy” of the employer instead of “as soon as practicable.”

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## FISCAL IMPLICATIONS

WSD reports no fiscal impact related to the handling of complaints and enforcement.

## **SIGNIFICANT ISSUES**

WSD handles complaints under the act. As WSD explains, when there's a dispute as to whether an employee gave adequate notice, WSD staff use the "reasonable notice" standard. WSD explains a small employer, without a written policy, could find it difficult to establish a violation of the notice requirement. One way to address this might be by requiring notice "pursuant to the written policy of the employer, or in the absence of a written policy, as soon as practicable."

## **PERFORMANCE IMPLICATIONS**

The Health Workplaces Act, which took effect July 1, 2022, requires all private employers to provide an earned sick leave benefit. Federal, state, and local government employers are exempt from the requirements. For instance, for agencies with union-covered employees, earned sick leave policies are negotiated. State employees typically accrue sick leave that is equivalent to approximately 96 hours per year.

Under the act, "retaliation" includes an adverse action toward an employee for exercising their rights pursuant to the act. Earned sick leave may also be used to care for an ill family member, to attend a school meeting for a child's disability, and for safe leave due to domestic abuse, assault, etc. Employees accrue one hour of sick leave for every 30 hours worked, up to 64 hours per year.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to House Bill 11 establishing a state run paid family and medical leave program.

## **OTHER SUBSTANTIVE ISSUES**

The Healthy Workplaces Act (HWA) applies to all private employers, regardless of size. Many small businesses say the cost of providing paid sick leave to part-time and temporary workers adds to payroll costs and compliance requirements are an additional burden. However, the mandated leave in the act, although less generous than the state offers, may make private employers more competitive with public employers when competing for employees where benefits are important.

AHO/rl/hg/rl