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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/22

SPONSOR Campos LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Compensation for Certain Public Officials SB 202

ANALYST Jorgensen

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

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$222.5	\$445.8	\$668.3	Recurring	Various

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission (PRC)

State Land Office (SLO)

State Treasurer's Office (STO)

### SUMMARY

#### Synopsis of Bill

Senate Bill 202 (SB202) proposes to increase salaries for elected officials. The increases are as follows:

Position	Current Salary	Natn'l Rank, Current	Proposed Salary	Natn'l Rank, Proposed	Last Adjusted
Governor	\$110,000	44	\$150,000	19	2002 from \$90k
Lieutenant Governor	\$85,000	29	\$115,000	16	2002 from \$65k
Secretary of State	\$85,000	45	\$115,000	21	2001 from \$65k
State Auditor	\$85,000	43	\$115,000	25	2002 from \$65k
State Treasurer	\$85,000	42	\$115,000	21	2002 from \$65k
Attorney General	\$95,000	46	\$125,000	30	2002 from \$72.5k
Comm. of Public Lands	\$90,000		\$125,000		2002 from \$72.5k
Public Regulation Commissioner	\$90,000		\$140,000		2002 from \$72.5k

## FISCAL IMPLICATIONS

Article IV, Section 27 of the New Mexico Constitution prohibits changes to the salary of a public official mid-term, so all changes would occur at the beginning of new terms. The estimated operating budget impact is based on the estimated cost from January 1, 2023 through July 1, 2023 and then a full year of cost in FY24. The estimate includes salaries for all named positions and the three public regulation commissioners.

The bill does not include an appropriation and the additional cost of salary increases would be absorbed in the operating budgets of the affected agencies.

## SIGNIFICANT ISSUES

The PRC notes that on January 1, 2023, the PRC will go from five elected commissioners to three appointed commissioners. The reduction in the number of commissioners means that, even with the salary increases in the bill, the PRC would still have net savings of \$13 thousand to \$29 thousand, depending on the benefits selected by the new commissioners.

The State Land Office notes that the proposed increase in the compensation of the commissioner of Public Lands would have a non-material effect on the amount of the annual appropriation from the lands maintenance fund for operation of the State Land Office.

Salaries for elected officials were last adjusted in 2001 and 2002. LFC analysis shows pay of elected officials is significantly lower than the U.S. average. For example, the New Mexico Attorney General is paid \$95 thousand, ranking 46<sup>th</sup> out of all states according to the Council of State Governments' survey of state personnel conducted in May, 2019.

STO notes the following:

Failure to enact this bill will make it more and more difficult to attract qualified candidates as inflation erodes the effective value of the salary. Given the relatively low wages, the candidates that are most likely to run for office are those that are more affluent or individuals who view these offices as stepping stones to further their political careers. The Office of State Treasurer has not typically led to higher office which makes it even harder to recruit qualified candidates. Additionally, significant personal liability is associated with oversight of the funds that the Treasurer oversees either directly or as a board member.

CJ/rl