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FISCAL IMPACT REPORT

SPONSOR <u>HJC</u>	LAST UPDATED <u>3/13/2023</u>
SHORT TITLE <u>Legislative Salaries, CA</u>	ORIGINAL DATE <u>3/3/2023</u> BILL NUMBER <u>CS/House Joint Resolution 8/HJCS/aSRC</u>
	ANALYST <u>Leger</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
			\$150 - \$200	\$150 - \$200	Nonrecurring	General Fund
				See fiscal implications for estimated future year budget impact	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to House Joint Resolution 2 and Senate Joint Resolution 4

Sources of Information

LFC Files

Responses Received From on Original Bill

New Mexico Attorney General (NMAG)
 Secretary of State (SoS)
 Public Employees Retirement Association (PERA)
 State Ethics Commission (SEC)

SUMMARY

Synopsis of SRC amendment to HJC Substitute for House Joint Resolution 8

Senate Rules Committee amendment to House Judiciary Committee Substitute for House Joint Resolution 8 strikes language indicating the nine member citizen commission should broadly reflect the political, cultural, and geographic diversity of the state.

Section 1, Item B will now read, “The citizen commission on legislative salaries is composed of nine members of the public whose appointment, terms and qualifications shall be as provided by law.”

Synopsis of HJC Substitute for House Joint Resolution 8

House Judiciary Committee Substitute for House Joint Resolution 8 (HJR8) would ask voters to amend Section 4 of the New Mexico Constitution to allow for legislative salaries and to create a citizen commission on legislative salaries.

HJR8 is to be submitted for the approval by the people of the state in the next general election in November 2024 or any special election called for that purpose.

FISCAL IMPLICATIONS

Under Section 1-16-4 NMSA 1978 and the New Mexico Constitution, the Secretary of State (SoS) is required to print samples of the text of each constitutional amendment in both Spanish and English in an amount equal to 10 percent of the registered voters in the state. SoS is also required to publish the samples once a week for four weeks preceding the election in newspapers in every county in the state. The estimated cost per constitutional amendment is \$150 thousand to \$200 thousand depending on the size and number of ballots and if additional ballot stations are needed.

The approval of HJR8 by the voters could have future year fiscal implications beginning in FY25 when appropriations would be required to cover the expense of research, technical, administrative, and other staffing assistance to the commission.

Budget Impacts Beyond FY25

If approved by voters, a final report is to be filed no later than January 1, 2026, with SoS. The salaries would become effective on the first pay period in July 2026. A recurring general fund appropriation for FY27 would be needed. An exact cost of salaries for 112 members is unknown; however, the total cost of a salary of \$50 thousand would exceed \$5.5 million. These figures are beyond the range of the budget impact table provided in this FIR.

Total recurring costs related to compensation for legislative members would include: salary, per diem for each day of a legislative session plus mileage of one round trip, and per diem and mileage for interim meetings.

The commission shall file a report at least every four years, thus requiring per diem be appropriated to reimburse members for expenses incurred in pursuit of that member's duties as provided by law.

Furthermore, PERA reports legislative salaries may potentially have an actuarial impact on the legislative retirement fund if the current legislative retirement plan is amended to require contributions based on the salaries established by the citizen commission, consistent with other coverage plans under the Public Employees Retirement Act.

Other Fiscal Information

Per diem cost estimates for a legislative session may range from \$5,000 to \$10 thousand depending on the length of session.

Interim per diem costs for LFC in FY22 were \$156 thousand; approximately less than \$10 thousand per member.

SIGNIFICANT ISSUES

New Mexico is the sole state in the union where legislators do not receive a base salary.

The proposed amendment to Article 4 of the constitution establishes a citizen commission on legislative salaries as an independent state agency to adjust and limit the salaries of the members of the Legislature. The commission would be composed of nine public members who broadly reflect the political, cultural, and geographic diversity of the state and whose appointments, terms, and qualification shall be provided by law.

The commission shall consider salaries for the members of the Legislature and adopt a final report on its determination to establish, adjust, or limit those salaries and shall file the report with the SOS on January 1, 2026 and at least every four years thereafter. An affirmative vote of not less than five members of the commission is required for adoption of the final report. The salaries are effective the first full pay period in July after adoption of the final report (July 2026, FY27).

The Legislature is to appropriate sufficient funding in an appropriations bill for the salaries established, adjusted, or limited as provided by a final report of the commission.

Section 2 amends Article 4, Section 10 of the constitution to authorize each member of the Legislature to receive a salary established by the commission in addition to per diem for the session and interim meetings.

RELATIONSHIP

HJR8 relates to HJR2, which would change the length of every regular legislative session to 60 days, and SJR4, which would extend the term lengths for legislators.

OTHER SUBSTANTIVE ISSUES

PERA points out it is unclear how legislative salaries will affect legislative retirement or PERA. Any implementing legislation that amends legislative retirement due to the creation of legislative salaries could have an impact. If that occurs, PERA will have to make system modifications to its pension administration system. Legislators currently receive retirement benefits based on a calculation that is unique among all members covered under the Public Employees Retirement Act. Because legislators are currently constitutionally prohibited from receiving salaries, contribution rates and benefit calculations are not based on salaries. If HJR8 is approved by the voters that distinction would no longer exist and legislation to implement the joint resolution may include amendments to change the current legislative retirement plan to be more consistent for those for other state employees.

It is unclear if the citizen commission on legislative salaries would be administratively attached to Legislative Council Services.

It is assumed that if HJR8 is ratified, policies will be established to establish and appoint the citizen commission on legislative salaries, establish terms of the commission, and establish a process to fill vacancies.

The original version of the bill specified the composition of the commission, terms, and replacements. Allowed a mechanism for voters to reject the commission’s final report (which was later amended out).

The table below is an example of select states showing the base salary, mileage, and session per diem rates.

Example of Select States Legislative Salary and Per Diem

State	Base Salary	Mileage (cents per mile)	Session Per Diem Rate
New Mexico	\$0	58.5/mile. Tied to federal rate.	\$165/day (January and February); \$194/day (March). Tied to federal rate. Vouchered. It goes up to \$202 for FY23 on July 1, 2022.
New Hampshire	\$100	58.5/mile. Tied to federal rate. Legislators can instead choose the state mileage reimbursement option, which is 38/mile for the first 45 miles, and 19/mile thereafter. With this alternative method, the reimbursement is taxed as income, and legislators do not need to drive their personal vehicle.	No per diem is paid.
South Dakota	\$13,957	One trip is paid at 5/mile, and the remaining are paid at 42/mile. One round trip per week.	\$155/day. Legislative days only. Unvouchered. The per diem rate is the amount fixed for the per diem allowance that is authorized by the United States Internal Revenue Service per SDCL 2-4-2.
Louisiana	\$16,800	58.5/mile. Tied to federal rate.	\$160/day. Tied to federal rate. Unvouchered.
Rhode Island	\$16,835	56/mile.	No per diem is paid.
Mississippi	\$23,500	58.5/mile.	\$155/day. Tied to federal rate. Unvouchered.
Connecticut	\$28,000	58.5/mile. Tied to federal rate.	No per diem is paid.
Missouri	\$36,813	49/mile.	\$124/day. Tied to federal rate. Unvouchered.
New Jersey	\$49,000	No mileage reimbursement.	No per diem is paid.
Ohio	\$68,674	55/mile for legislators living outside Franklin County.	No per diem is paid.
Massachusetts	\$70,537	No mileage reimbursement. Legislators residing within 50 miles of the statehouse receive an office expense stipend of \$17,043 that can be used for travel expenses. Legislators residing more than 50 miles from the state house receive \$22,723.	No per diem is paid. Legislators residing within 50 miles of the statehouse receive an office expense stipend of \$17,043 that can be used for travel expenses. Legislators residing more than 50 miles from the state house receive \$22,723.
Michigan	\$71,685	58.5/mile. Tied to federal rate.	No per diem is paid. Legislators receive an expense allowance of \$10,800/year for session and interim. Set by the compensation commission. Vouchered.

Source: NCSL

JL/rl/mg/hg/mg/al/ne/al/ne/rl/ne