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HOUSE BILL 194

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

Christine Chandler

AN ACT

RELATING TO LABOR; REQUIRING THAT PUBLIC CONTRACTS PROVIDE FOR
INCREASED CONTRACTOR AND SUBCONTRACTOR REIMBURSEMENT AND WORKER
WAGE INCREASES IN ACCORDANCE WITH AND CONCURRENT WITH STATE
MINIMUM WAGE INCREASES OR INCREASED COSTS AS MANDATED BY LAW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Minimum Wage Act is
enacted to read:

"[NEW MATERIAL] PUBLIC CONTRACTS--SERVICES--MINIMUM WAGE
INCREASES--INCREASES IN COST MANDATED BY LAW.--

A. Beginning July 1, 2024, a state agency that
contracts for services shall include in the terms of that
contract:

(1) a requirement that individuals employed
pursuant to that contract or a subcontract of that contract who

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1 are paid the state minimum wage shall be entitled to receive
2 wage increases in accordance with and concurrent with increases
3 in the state minimum wage and statutory employee benefits; and

4 (2) a provision that, if there is an increase
5 in the state minimum wage or statutory employee benefits, the
6 state is obligated to reimburse the contractor and any
7 subcontractor to that contract so that the contractor and any
8 subcontractor are held harmless for any wage increase resulting
9 from an increase in the state minimum wage or cost increase
10 resulting from a change to statutory employee benefits.

11 B. As used in this section:

12 (1) "contract" means any agreement for the
13 procurement of services;

14 (2) "held harmless" means an adjustment to the
15 contract price to ensure that the contractor receives a payment
16 equivalent to the amount and value of compensation stated in
17 the contract, after consideration of the impact to the
18 contractor and any subcontractor of an increase in cost
19 resulting from a change in the minimum wage or to statutory
20 employee benefits;

21 (3) "services" means the furnishing of labor,
22 time or effort by a contractor or subcontractor not involving
23 the delivery of a specific end product other than reports and
24 other materials that are merely incidental to the required
25 performance;

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(4) "statutory employee benefits" means any benefit that an employer is required by state law to provide to the employer's employees; and

(5) "subcontract" means a contract subordinate to another superordinate contract, which subcontract is to procure in whole or in part services to be procured under the terms of the superordinate contract."