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FISCAL IMPACT REPORT

SPONSOR <u>Soules</u>	LAST UPDATED <u>2/2/24</u> ORIGINAL DATE <u>1/26/24</u>
SHORT TITLE <u>Public Officer Reimbursement Rates</u>	BILL NUMBER <u>Senate Bill 126</u>
ANALYST <u>Hilla</u>	

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		Indeterminate, but likely negligible	Indeterminate, but likely negligible	Indeterminate, but likely negligible	Recurring	General Fund

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

Sources of Information

LFC Files
 U.S. General Services Administration (GSA)

Agency Analysis Received From
 Children, Youth and Families Department (CYFD)
 Tourism Department (NMTD)
 Department of Finance and Administration (DFA)

SUMMARY

Senate Bill 126 amends Section 2-1-9 NMSA 1978 pertaining to per-diem and mileage rates for legislators and staff and amends Section 10-8-4 NMSA 1978, the Per Diem and Mileage Act, to change the mileage rate which public employees are reimbursed from the current Internal Revenue Service (IRS) rate to the U.S. General Service Administration rate (GSA). SB126 would require public officers or employees to receive the standard mileage of the GSA instead of the IRS rates for travel in privately owned automobiles, and the standard mileage of the GSA instead of 88 cents a mile for travel in a privately owned airplane.

The effective date of this bill is July 1, 2024

FISCAL IMPLICATIONS

Pursuant to Section 10-8-4 NMSA 1978, the current rate for travel with a privately owned vehicle for public officers is based on the internal revenue service standard mileage rate set January 1 each year for each mile traveled and 0.88 cents per mile for each mile traveled in a privately owned airplane. On January 1, 2024, The Department of Finance and Administration,

which follows the internal revenue service’s per diem rates (IRS), set the rate for public officers for 2024 at 0.66 cents per mile for travel in a privately owned vehicle. The GSA rate noted in the table is .67 per mile for this same time period. The IRS rates do not specify rates for airplane mileage. This bill would impact public officers who travel by private airplane as the rate would increase from 0.88 cents per mile to \$1.76 per mile, which is double the rate per mile for travel by private airplane than what currently exists in statute, because of the switch from following the IRS that does not contain private airplane per diem rate to following GSA that has private airplane per diem rates. Rates for privately owned automobiles are nearly the same.

U.S. GSA 2024 Privately Owned Vehicle Rates

Modes of transportation	Effective/Applicability date	Rate per mile
Airplane*	January 1, 2024	\$1.76
If use of privately owned automobile is authorized or if no Government-furnished automobile is available	January 1, 2024	\$0.67
If Government-furnished automobile is available	January 1, 2024	\$0.21
Motorcycle	January 1, 2024	\$0.65

*Airplane nautical miles (NMs) should be converted into statute miles (SMs) or regular miles when submitting a voucher using the formula (1 NM equals 1.15077945 SMs).

It should be noted that the Judicial Branch rate of mileage reimbursement is approved by the New Mexico Supreme Court and as of January 4, 2024, a rate of .52 cents per mile is in effect for Judicial employees.

SIGNIFICANT ISSUES

The IRS mileage rate for the use of a privately owned vehicle is nearly the same as the GSA mileage rate. For 2024, rates for privately owned airplanes would increase from 88 cents per mile referenced in Section 8, Per Diem and Mileage, to the GSA standard mileage rate of \$1.76 per mile. This bill affects public officers traveling by private plane.

DFA indicates state agencies would not be financially impacted by SB126: “Most agencies prior to January 16, 2024, were only allowed to reimburse mileage at 80 percent of the IRS per New Mexico Administrative Code] rule. As of January 16, 2024, that rate was increased to 100% through the [rulemaking process].” DFA mentions it cannot calculate the impact on local bodies, which will now be required to pay 100% of the rate.

EH/al/ne/hg