

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: Sara Gutierrez *Check all that apply:*
Bill Number: HB446 Original Correction
 Amendment Substitute

Sponsor: Representatives Rebecca Dow, Gail Armstrong, Luis M. Terrazas, Angelita Mejia, Jenifer Jones **Agency Name and Code** Economic Development Department
Short Title: PAID PARENTAL LEAVE ACT& FUND **Number:** 41900 **Person Writing** Sara Gutierrez
Title: ACT& FUND **Phone:** 505-231-4224 **Email** Sara.Gutierrez@edd.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

House Bill 446 (HB446) establishes the paid parental leave act, wherein the paid parental leave (PPL) and supplemental paid parental leave (SPPL) programs are created under the department of workforce solutions (DWS) to provide up to nine weeks of paid leave to eligible employees and self-employed individuals within twelve months of the birth or adoption of a child, or the placement of a foster-child with first-time foster parents, to bond with the new child.

HB446 provides separate funding sources for the PPL and SPPL programs:

- Amends the early childhood education and care fund to allow the legislature to make appropriations to DWS for the purpose of paying up to six weeks of leave compensation to eligible individuals covered by the paid parental leave act, and
- Creates the SPPL fund in DWS for the purpose of paying up to three weeks of supplemental leave compensation to eligible individuals covered by the paid parental leave act. The fund is non-reverting and is funded by optional employee contributions and income from investment by the state investment council (SIC).

The paid parental leave act applies to all non-federal public and private employees in New Mexico, self-employed individuals, and Indian tribes that elect to be covered. Individuals may apply for the PPL program, and may be eligible for additional SPPL program compensation if they opt in.

HB446 outlines how quarterly employee contributions are calculated for the SPPL fund, with contributions beginning January 1, 2027 and continuing through January 1, 2030, and the first leave compensation distributions beginning January 1, 2028.

HB446 also details:

- How PPL and SPPL compensation is calculated
- The application and approval process, required documentation, and notification of approval or denial
- Employee and employer requirements
- Restrictions
- How fraudulent claims are handled
- Employment and employment benefits and leave protection
- Appeal procedures
- Reporting requirements
- Employer and employee requirements upon return to employment

HB446 requires DWS to promulgate initial rules to implement the PPL and SPPL programs per the paid parental leave act by July 1, 2026.

HB446 creates a paid parental leave implementation advisory committee in DWS,

consisting of eight members appointed by the secretary of DWS, by October 1, 2025, to include four representatives of employers and four representatives of employees who are charged with providing input for the timely development, implementation and promulgation of rules and educational materials to carry out the provisions of the paid parental leave act. DWS must provide administrative support to the committee and the secretary is responsible for meeting with the committee quarterly. The term of the paid parental leave advisory committee expires on January 1, 2027.

FISCAL IMPLICATIONS

None for EDD

SIGNIFICANT ISSUES

The early childhood education and care fund was established in the early childhood education and care department with an initial appropriation of \$300 million and is managed by the SIC. The SIC annually (July 1) distributes an amount equal to the greater of five percent of the average of the year-end market values of the fund for the immediately preceding three calendar years or \$250M from the early childhood education and care fund to the early childhood education and care program. HB446 does not make an appropriation to DWS and presumably assumes there is sufficient money in the fund to adequately cover the costs of both the early childhood education and care departments programs and the DWS PPL program.

Income from the SIC investment of the SPPL fund is meant to cover the recurring costs incurred by DWS to administer the programs pursuant to the paid parental leave act. However, the bill does not make an initial appropriation to DWS to pay for the many, varied start-up expenses and associated staffing that will be required to design and implement the internal infrastructure required to manage the programs successfully.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB11 creates the family wellness leave act wherein eligible individuals are provided similar paid leave to bond with a new child, and the welcome child fund is created to provide monetary benefits for families welcoming new children through birth, adoption, and foster care. If both bills are passed, this could create conflict.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS