

LFC Requester:	Helen Gaussoin
-----------------------	-----------------------

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: 2/17/2025 *Check all that apply:*
Bill Number: SB264 Original Correcti
 Amendment Substitut

Sponsor: George K. Munoz **Agency Name and Code** 632
Short Title: Administrative Fee Changes **Number:** _____
Person Writing Michael J. Holt
Phone: (505)841-6822 **Email:** Michael.Holt@wca.nm.wca

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
	14.22	14.27	Recurring	632

(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: Senate Bill 264 amends NMSA 1978, Section 52-5-19 by increasing the quarterly payroll contributions (employer) and payroll deductions (employee) paid into the Workers' Compensation Administration Fund. The Workers' Compensation Administration ("WCA") is not a general fund agency and relies instead on monies paid into the Fund for its budgetary needs.

The current quarterly assessment fee is \$4.30 (\$2.00 for each worker and \$2.30 for each employer). The \$4.00 base amount was last raised in 1990; the .30 cents amount for an employer was added in 2004 to establish the Uninsured Employers' Fund which pays benefits to the injured workers of an employer which lacks required workers' compensation insurance.

The table below shows the bill's proposed increases to the quarterly assessment fee:

Increase beginning FY26	\$2.25 worker	\$2.55 employer	(\$4.80 total)
Increase beginning FY29	\$2.38 worker	\$2.68 employer	(\$5.06 total)
Increase beginning FY34	\$2.50 worker	\$2.80 employer	(\$5.30 total)

Under existing law, the Tax and Revenue Department administers and enforces the quarterly assessment fee. SB 264 makes no material changes to Section 52-5-19 other than raising the quarterly assessment fees in the amounts noted above.

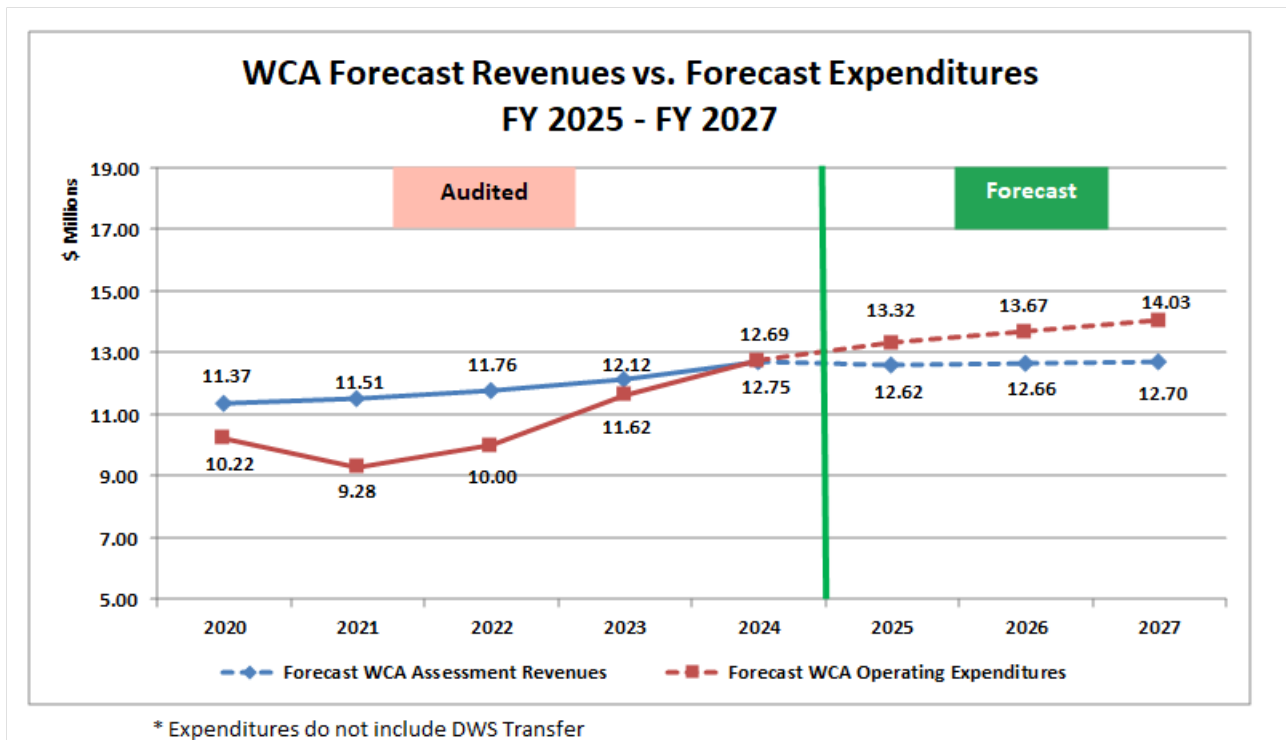
FISCAL IMPLICATIONS

The revenue table projections are based on the agency's projected revenue from the "revenues v. forecast expenditures" chart onto which the agency added the additional revenue projected should the proposed quarterly assessment fee proposed in SB 264 pass the legislature.

The quarterly assessment proposal set forth in SB 264 is predicated on research performed by the Economic Bureau of the WCA. Research was conducted to anticipate the impact on raising the fee on micro, small, medium and large New Mexico businesses. The monetary values provided in SB 264 are incremental in nature, staggered over a number of years, and permit the WCA to sustain operational needs through at least FY 34 at which time the issue can be reviewed by the legislature. The incremental raises outlined in SB 264 will not require the legislature to review WCA funding until FY 2036.

SIGNIFICANT ISSUES

As shown in the chart below, the revenue generated through the current assessment fee no longer supports the expenses of the agency. Due to legislative transfers from the Fund over past fiscal years, the WCA will lack sufficient reserves in FY 2026 to make up for the fiscal negative difference between revenue and expenditures.



ADMINISTRATIVE IMPLICATIONS: See discussion herein.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP: None

TECHNICAL ISSUES: None

OTHER SUBSTANTIVE ISSUES: None

ALTERNATIVES: In lieu of increasing the quarterly assessment fee, the Legislature can provide the WCA general revenue funding to alleviate the anticipated differences between revenue from the quarterly assessment and anticipated agency expenditures.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Beginning in fiscal year 2026, the anticipated expenses of operating the WCA will exceed anticipated revenue from the current quarterly assessment fee paid by employers and employees. Absent other revenue provided by the legislature to the WCA, the budget shortfall will impact the agency's ability to fulfill its statutory mission.

AMENDMENTS: None