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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/14
LAST UPDATED 02/13/14 **HB** 11/aHAFC

SPONSOR Varela

SHORT TITLE Compensation of Elective State Officers **SB** _____

ANALYST Hanika Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$63.0	\$126.0	\$189.0	Recurring	General Fund
		\$5.7	\$11.4	\$17.1	Recurring	Other State Funds

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of HAFC amendment

The House Appropriations and Finance Committee amendment delete's the term "making an appropriation" in the title of the bill and makes no substantive changes.

Synopsis of Bill

House Bill 314 amends Sections 8-1-1 and 8-3-3 NMSA 1978 to provide a ten percent compensation increase for elected officials for new terms beginning on or after January 1, 2015.

The bill applies to the following positions:

- Governor
- Lieutenant Governor
- Secretary of State
- State Auditor
- State Treasurer
- Attorney General
- Commissioner of Public Lands
- Public Regulation Commissioners

FISCAL IMPLICATIONS

The bill is companion legislation relating to House Bill 2 that includes \$63 thousand from the general fund and \$5.7 thousand from other state funds to cover the salary and benefit increases.

Currently, compensation in statute is paid to these elective state officers as follows:

Office Held	Current Compensation	Proposed Compensation	Above (below) Current
Governor	\$110,000	\$121,000	\$ 11,000
Lieutenant Governor	\$ 85,000	\$ 93,500	\$ 8,500
Secretary of State	\$ 85,000	\$ 93,500	\$ 8,500
State Auditor	\$ 85,000	\$ 93,500	\$ 8,500
State Treasurer	\$ 85,000	\$ 93,500	\$ 8,500
Attorney General	\$ 95,000	\$104,500	\$ 9,500
Commission of Public Lands	\$ 90,000	\$ 99,000	\$ 9,000
Public Regulation Commissioners	\$ 90,000	\$ 99,000	\$ 9,000

SIGNIFICANT ISSUES

Compensation for these positions is statutorily established and any changes need to be made via an independent piece of legislation.

Article 4, Section 27, provides that elected officials cannot have their compensation increased during their term; any changes would have to occur after their next election.

At current salary levels, most of these positions are among the lower-paid key professional positions in state government; the average cabinet secretary, for instance, earns \$111 thousand.

OTHER SUBSTANTIVE ISSUES

Largely because of fiscal circumstances facing the State since the recession, there have not been any modifications to these elected officials' compensation levels since 2002.

According to information reported in the Council of State Governments (CSG) *The Book of the States 2013*, the average annual salary for a governor is now \$133 thousand, four governors do not accept their salary and three governors volunteer a five to 10 percent salary reduction.

According to information reported in the CSG *The Book of the States 2012* for the other elected officers, the positions of attorney general and state auditor had the highest average annual salary of about \$119 thousand. On average, lieutenant governors made \$93 thousand, secretaries of state \$104 thousand and state treasurers \$106 thousand.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Certain New Mexico elected official positions will not receive a compensation adjustment.

AHO/ds