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**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**BILL ANALYSIS**  
**56th Legislature, 1st Session, 2023**

**Bill Number** HB25/HLVMCS      **Sponsor** HLVMC  
**Tracking Number** .224439.2      **Committee Referrals** HLVMC/HCEDC  
**Short Title** Minimum Wage Increase and Indexing  
**Analyst** Hoxie      **Original Date** 1/23/2023  
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**BILL SUMMARY**

Synopsis of Bill

The Labor, Veterans', and Military Affairs Committee Substitute for House Bill 25 (HB25/HLVMCS) amends Section 50-4-21 NMSA 1978 (Minimum Wage Act) to:

- Define "consumer price index" as the consumer price index published by the United States Department of Labor;
- Increase the statewide minimum wage to \$13.50 per hour on January 1, 2024;
- Increase the statewide minimum wage to \$15.50 per hour on January 1, 2025;
- Adjust the \$15.50 per hour minimum wage and the \$3.00 per hour minimum wage for employees who receive more than \$30 per month in tips by multiplying the minimum wage by a fraction, the numerator of which is the consumer price index ending in September of the previous year and the denominator of which is the consumer price index ending September 2024; and
- Require the Department of Workforce Solutions to notify employers of the minimum wage for the next year.

**FISCAL IMPACT**

HB25/HLVMCS does not contain an appropriation. This analysis focuses on the fiscal impact to New Mexico public school districts and charter schools.

The January 2024 minimum wage increase to \$13.50 per hour under HB25/HLVMCS would not impact public school employees because the minimum wage for public school employees in FY23 is \$15 per hour.

Additionally, both the LESC and LFC public school support recommendations for FY24 include an average five percent salary increase for all school personnel, potentially raising salaries for employees making \$15 per hour to \$15.75 per hour.

There may be additional fiscal impacts in future years if the minimum wage rises as a factor of the consumer price index.

## **SUBSTANTIVE ISSUES**

**Minimum Wage.** According to the National Conference of State Legislators, 30 states and the District of Columbia, have minimum wages above the national minimum wage of \$7.50. New Mexico's current minimum wage is \$12 per hour. However, the FY23 general fund appropriation to the state equalization guarantee distribution includes sufficient funding to provide all school employees an hourly salary of at least \$15 per hour, effectively raising the minimum wage of public school employees to \$15 per hour, three dollars more than the statewide minimum wage.

## **ADMINISTRATIVE IMPLICATIONS**

Each year, the DWS would determine the cost-of-living increase. The department would be required to publish the new minimum wage and notify all employers, including public school districts and charter schools.

## **RELATED BILLS**

HB25/HLVMCS conflicts with House Bill 28, which will raise the minimum wage to \$12 per hour beginning July 1, 2023 and on July 1 of each successive year by the increase in the cost of living.

## **SOURCES OF INFORMATION**

- LESC Files
- Economic Development Department
- Public Education Department

**EH/cf/mb**