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FISCAL IMPACT REPORT

SPONSOR: Tinnin DATE TYPED: 2-14-01 HB 558
 SHORT TITLE: Repeal Public Works Minimum Wage Act SB _____
 ANALYST: Taylor

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	NFI		NFI		

Duplicates/Relates to Appropriation in The General Appropriation Act SB 125

SOURCES OF INFORMATION

New Mexico Labor Department

SUMMARY

Synopsis of Bill

House Bill 558 repeals the Public Works Minimum Wage Act. The Act requires public works projects or contracts in excess of \$20,000 to contain a provision stating the minimum wages to be paid to various classes of laborers and mechanics. The determination of the minimum is made by the director of the Labor and Industrial Division of the New Mexico Labor Department based on prevailing wage for corresponding classes of labor for similar work in the state or locality. The repeal would become effective July 1, 2001.

FISCAL IMPLICATIONS

The repeal of the Public Works Minimum Wage Act would eventually mean that the Labor Department's Public Works Bureau would not be needed. The Labor Department reports that the Bureau would still be needed to complete work on current projects, but all of these would not be completed for another three to four years. They report that as of June 30, 2000, there were 1486 active projects with construction costs of approximately \$1.5 billion. The department says that once on-going projects are completed, they could eliminate four full-time positions at a cost estimated at \$201.1. Since this is not likely to occur in the near future, there is no fiscal impact shown to the general fund.

ADMINISTRATIVE IMPLICATIONS

The Public Works Bureau would not be needed once existing projects are completed.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

SB 125 proposes to raise the minimum threshold from \$20.0 to \$250.0

OTHER SUBSTANTIVE ISSUES

The Labor Department reported these substantive issues:

Currently, the Public Works Bureau collects approximately \$150,000 per year in revenue contributions for apprenticeship programs. Apprenticeship contributions are made in “the same manner and in the same amount as apprenticeship and training contributions required pursuant to wage determinations made by the director.” See Section 13-4D-4(B) NMSA 1978. Should the Public Works Minimum Wage Act be repealed, an appropriation in the amount of \$150,000 for continuation of this program is requested.

This bill could impact the 1796 apprentices in New Mexico that are receiving on-the-job training by working on public works projects. In addition to the impact on revenue to apprenticeship programs mentioned above, lower wages on public works projects might provide a disincentive to hire apprentices. The precise impact on apprenticeship employment, however, can not be specifically determined.

BT/njw