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FISCAL IMPACT REPORT

SPONSOR: Rawson DATE TYPED: 02/22/03 HB _____
 Minimum Wage Exceeding Federal Minimum
 SHORT TITLE: Wage SB 721
 ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 38, HB 588

SOURCES OF INFORMATION

Responses Received From
 N.M. Department of Labor (DOL)
 State Personnel Office (SPO)
 Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 721 amends NMSA 1978, § 50-4-22, to make it illegal for any political subdivision to require a minimum wage that exceeds the federal minimum wage.

Significant Issues

Most New Mexico employers currently pay at least the federal minimum wage since the state rate only applies to employers not engaged in interstate commerce.

SB 721 effectively restricts municipal governments from enacting “Living Wage” laws.

RELATION

This bill relates to HB 38; it makes the state minimum wage match the federal minimum wage of \$5.15/hour.

OTHER SUBSTANTIVE ISSUES

It is questionable whether SB 721 covers municipalities. The wording included in the bill is “no political subdivision”. Counties are political subdivisions of the state. School districts and improvement districts may be political subdivisions. Municipalities are not necessarily included in the term “political subdivision”; municipalities are generally referred to separately as municipal corporations and are regulated in the same manner as counties.

According to the Economic Development Department (EDD), SB 721 will help New Mexico to remain competitive in recruiting companies from other states and countries. If this bill is not enacted, and local governments are allowed to raise the minimum wage, some areas of the state may become unattractive and uncompetitive for business growth.

Most proponents of higher minimum wage support the concept that people should not earn wages lower than the federal poverty level (for a family of four).

Increases in minimum wages are not usually absorbed by the employer, but are rather passed on to the consumer in the form of higher prices for goods and services.

RLG/njw