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FISCAL IMPACT REPORT

SPONSOR HVEC ORIGINAL DATE 3/3/07 HB HJR 6/HVECS
LAST UPDATED 3/3/07
SHORT TITLE Distribution for Legislative Expenses SB _____
ANALYST Fernandez/Baca/Wilson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total			\$2,029.3	\$2,029.3	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Companion to HB 20 and SB 796, Identical to SJR 12

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Joint Resolution 6 proposes amending Article 4, Section 10 of the Constitution of New Mexico to limit reimbursements to members of the legislature for expenses directly related to the duties of their office in an amount not to exceed fifteen percent of the annual salary provided for justices of the New Mexico Supreme Court and to prohibit members of the legislature from using campaign funds for non-campaign-related expenses.

FISCAL IMPLICATIONS

HJR 6 provides an annual distribution for expenses directly related to the duties of the member's office not to exceed 15 percent of the annual salary provided for the justices of the Supreme Court. In FY07, the annual salary of the each justice of the Supreme Court is \$115,041. If CS HJR 6 is approved by the Legislature then subsequently approved by the people at the next general election or a special election, legislators would be entitled to an annual distribution of approximately \$17,256. Assuming this annual distribution amount multiplied by 112 legislators, the cost to implement this proposal would be approximately \$1,932,683. If the justices of the Supreme Court receive a salary increase of 5 percent FY08, the cost of this proposal in FY08 would be \$2,029,317 or \$18,119/member.

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Depending on when the proposal would be approved would determine the fiscal year when the impact would occur.

Language in the proposal does not define expenses related to the duties of the member's office. Thus it is not clear if legislators would only be paid for expenses incurred. If this is the case, it could be anticipated that some legislators would receive less than the annual amount of \$18,119. Secretary of State may incur additional expenses to place this proposal on the ballot at the next general election. The exact costs are unknown but should be minimal.

SIGNIFICANT ISSUES

Legislative compensation was an issue considered by the Governor's Task Force on Ethics Reform and is under consideration by the Legislative Structure and Process Study Task Force. In the Governor's Task Force on Ethics Reform, *Report of Recommendations*, the task force recommended \$10,000 annually for legislative expense reimbursement accounts. "Funds from the legislative expense reimbursement accounts should be used by legislators to pay for the expenses directly related to their legislative duties. Such expenses might include staff, telephone, travel and other constituent service-related expenses. Legislators should only be paid for expenses incurred." The recommendation anticipated that some legislators would receive less than the annual amount of \$10,000.

The Legislative Structure and Process Study Task Force will produce a final report of its conclusions and recommendations by December 21, 2007 for action during the 2008 legislative session.

The information comparing actions regarding salaries and expenses for legislators in other states are shown on the attachment obtained from the NCSL website.

ADMINISTRATIVE IMPLICATIONS

Passage of this proposal and House Bill 820 would result in additional administrative duties to Legislative Council Service for the processing of the annual payments and possibly the validation of expenses directly related to the duties of a member's office. Legislative Council Service would likely develop guidelines to provide for the distribution to members.

The effective date when this would go into effect if approved by the voters is not clear. That is, if approved by the voters would it be effective the following fiscal year beginning on July 1.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Committee Substitute for House Joint Resolution 6 is a companion to House Bill 820 which amends Section 1-19-29.1 NMSA 1978 to prohibit the expenditure of campaign contributions received by members of the legislature for duties reasonably related to their office; and provides for an annual distribution to members of the legislature for expenses directly related to the duties of their office. The provisions of the bill shall become effective upon certification by the secretary of state that the constitution of New Mexico has been amended as proposed by CSHJR 6. Senate Joint Resolution 12 duplicates the intent House Joint Resolution 6 and Senate Bill 796 is the companion bill to Senate Joint Resolution 12.

OTHER SUBSTANTIVE ISSUES

Currently, Article 4, Section 10 provides the compensation of legislative members to per diem at the internal revenue service per diem rate for the city of Santa Fe during legislative sessions and the internal revenue service standard mileage rate for each mile traveled to and from the seat of government. As of January 2007, the per diem rate for Santa Fe is \$142/day and the mileage rate is \$0.485/mile.

During the interim between sessions, legislative members receive per diem at the same rates listed above however, it should be noted that the internal revenue service per diem rates increases slightly during the summer months. For example, from September 1, 2005 - September 31, 2005 the rate was \$141.00/day then from October 1, 2005 – September 31, 2006 the rate increased to \$144/day. The mileage rate during the interim also fluctuates slightly.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this constitutional amendment and the companion HB820 are not adopted, legislators will not receive compensation for expenses they incur in the performance of their duties as proposed. They will continue to absorb those expenses related to the performance of their duties which are not reimbursed from public funds or campaign contributions.

Attachment

CTF:LB:DW/nt

ATTACHMENT

NCSL Backgrounder: Full- and Part-Time Legislatures

In the Blue states, average lawmakers spends the equivalent of half of a full-time job doing legislative work. The compensation they receive for this work is quite low and requires them to have other sources of income in order to make a living. The blue states have relatively small staffs. They are often called traditional or citizen legislatures and they are most often found in the smallest population, more rural states. Again, NCSL has divided these states into two groups. The legislatures in Blue are the most traditional or citizen legislatures. The legislatures in Blue Lite are slightly less traditional. States are listed alphabetically within subcategories.

Table 1 shows the breakdown of states by category. Table 2 shows the average scores for the Red, White and Blue states for time on the job, compensation and staff size. For 2005 legislator compensation figures, go to <http://www.ncsl.org/programs/legismgt/aboutl05salary.htm>.

Table 1. Red, White and Blue Legislatures

Red	Red Light	White	Blue Light	Blue	
California	Alaska	Alabama	Missouri	Georgia	Montana
Michigan	Illinois	Arizona	Nebraska	Idaho	New
New York	Florida	Arkansas	North	Indiana	Hampshire
Pennsylvania	Ohio	Colorado	Carolina	Kansas	North
	Massachusetts	Connecticut	Oklahoma	Maine	Dakota
	New Jersey	Delaware	Oregon	Mississippi	South
	Wisconsin	Hawaii	South	Nevada	Dakota
		Iowa	Carolina	New Mexico	Utah
		Kentucky	Tennessee	Rhode Island	Wyoming
		Louisiana	Texas	Vermont	
		Maryland	Virginia	West Virginia	
		Minnesota	Washington		

Source: NCSL 2004
Source: NCSL 2004

Table 2. Average Job Time, Compensation and Staff Size by Category of Legislature

Category of Legislature	Time on the Job (1)	Compensation (2)	Staff per Member (3)
Red	80%	\$68,599	8.9
White	70%	\$35,326	3.1
Blue	54%	\$15,984	1.2

Notes:

1. Estimated proportion of a full-time job spent on legislative work including time in session, constituent service, interim committee work, and election campaigns.
2. Estimated annual compensation of an average legislator including salary, per diem, and any other unvouchered expense payments.
3. Ratio of total legislative staff to number of legislators.

Source: NCSL, 2004