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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/08

SPONSOR Asbill LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Handyman Construction Contractor Earnings SB 493

ANALYST C. Sanchez

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Regulation and Licensing Department (RLD)

Attorney General (AGO)

### SUMMARY

#### Synopsis of Bill

Senate Bill 493 amends NMSA Section 60-13-3D (14) of the Construction Industries Licensing Act to raise the annual compensation limit in order to be excluded from the definition of “contractor” and the licensing requirements of the Act, for persons performing “handyman repairs”. The current annual compensation limit before licensing is required is seven thousand two hundred dollars (\$7,200.00) per year. This bill would raise that limit to the higher of the “current annual exempt amount under the social security retirement earnings test by recipient's age or twelve thousand nine hundred sixty dollars (\$12,960.00)” compensation a year.

### SIGNIFICANT ISSUES

Under this bill, persons who have reached their “normal retirement age” (65-67 depending upon year of birth) would be allowed to earn an unlimited amount of annual compensation for providing “handyman services” without having to obtain contractor’s licenses. The bill does not require that a person actually be receiving social security benefits before calculating the annual compensation limit.

Persons who have not reached “normal retirement age” would be subject to certain annual compensation limits before having to obtain contractor’s licenses. Those persons would be subject to different annual limits based upon earnings before and during the year they reach that age.

The “retirement earnings test” referred to in this bill is an amount of money allowed to be earned by a person receiving Social Security Retirement Benefits who has not reached “normal retirement age” before those benefits are reduced. “Normal retirement age” ranges from age 65-67 depending upon the year of birth. Persons aged 62 are entitled to receive Social Security Retirement Benefits at reduced rates, and are subject to the “earnings test” benefit reductions until they attain their “normal retirement age”. Benefits may also be increased by deferring their receipt until age 70.

In 2008 the exempt amount before benefits are reduced for persons who have not reached their “normal retirement age” is thirteen thousand five hundred dollars (\$13,500) during the years before a person has reached their “normal retirement age”, and thirty six thousand one hundred twenty dollars (\$36,120) during the year they have reached that age, for amounts earned in the months prior to reaching that age.

For persons who have reached their “normal retirement age”, there is no limit on earnings and no reduction in social security benefits regardless of annual compensation received.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The current annual compensation limit before a person would be required to obtain a contractor’s license for providing “handyman services” would remain at \$7200/per year.

CS/mt