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FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/10

SPONSOR HJC LAST UPDATED _____ HB 180/HJCS

SHORT TITLE Worker Adjustment & Retraining Notification SJM _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Judiciary Committee Substitute for House Bill 180 creates the Worker Adjustment and Retraining Notification Act, which provides specific guidelines to employers with one hundred or more employees, including part-time, with regards to mass layoffs, closures or transfers. The bill outlines requirements for providing notification to the employee, representative of the employee and local work force investment boards before mass layoffs, closures or transfers take place. HB 180 also creates an administrative complaint procedure against employers who are in violation of the Worker Adjustment and Retraining Notification Act along with specific penalties for those who violate the provisions of HB 180.

FISCAL IMPLICATIONS

There is no appropriation or fiscal impact:

Costs for the Department of Workforce Solutions to businesses in providing NM WARN Act notice should be minimal since contents of the notice are not extensive.

There will be minimal administrative costs for the Administrative Office of the Courts for statewide update, distribution and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and commenced prosecutions. New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

SIGNIFICANT ISSUES

This bill, patterned after the Federal WARN Act, is designed to provide notification of potential job loss to employees in New Mexico. The NM WARN Act would apply more broadly than the Federal WARN Act because of changes to the definition of situations (layoffs of 25 or more employees compared with current 50). The bill further provides guidance to employers as to the contents of the notice. The bill sets out procedures for monitoring compliance with, and enforcement of, the Act. The bill contains a longer list of exemptions than the Federal WARN Act for when compliance with the NM WARN Act is not required.

The bill would require 60 days notice prior to the date of an order for a mass layoff, worksite closing or transfer of operation for employers employing 100 or more employees in New Mexico. The bill limits liability for double back pay as a penalty to a maximum of sixty days during which the employee remained unemployed and the difference in rates of pay and benefits wages and benefits earned between the lost and new employment. The bill requires affected local governments to provide 60 days notice to the Attorney General prior to bringing suit and prohibits the Attorney General from filing suit or recovering most damages should the Attorney General not bring suit during the 60 day period. The bill specifies that an employer who violates the act is not liable to more than one governmental entity for damages. The bill would require repayment of any tax breaks, business loans, subsidies or other incentives the employer received in the twelve months preceding a mass layoff from either the state or affected local government to operate a business at a location where the mass layoff occurred.

The bill would be helpful to the workforce in NM by providing adequate and timely notice to allow employees to plan for hard times and look for new employment as a result of a pending job loss. Additionally, it allows the State to marshal available resources to provide an array of benefits and services to the unemployed and/or businesses.

GH/mt