

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Jan 21, 2026 Check all that apply:
 Bill Number: HB98 Original Correction
 Amendment Substitute

Sponsor: P. Roybal Caballero
 Short Title: State Empl- min salary, annual leave, parental leave, remote wk

Agency Name and State Personnel Office
 Code Number: 378
 Person Writing Dylan K. Lange
 Phone: 505-486-7742 Email Dylan.Lange@spo.nm.gov

SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
None	None		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
None	None	None		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	Unknown	Unknown		Recurring	

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB98 establishes:

- Minimum wage for every state employee and those employed at a state educational institution to be paid \$15/hour. Provides an adjustment to the minimum salary rate based on CPI with a provision that the rate shall not be adjusted downward. The provisions of minimum wage shall not apply if it conflicts with the current CBA.
- Section 2 proposes an amendment to Chapter 10, Article 7 NMSA 1978 to set annual leave accrual rates. Beginning July 1, 2027, accrual rates set as follows:

Sets annual leave accrual rates at:

(1) 4.62 hours/pay period for employees with under 3 years of cumulative employment;

(2) 5.54 hours/pay period for employees with 3 but less than 7 years of cumulative employment;

(3) 6.46 hours/pay period for employees with 7 but less than 14 years of cumulative employment; and

(4) 7.39 hours/pay period for employees with 14 or more years of cumulative Employment.

- Effective July 1, 2027, makes state employees eligible for paid parental leave of at least 12 weeks following the birth, adoption or upon gaining custody of a child. Both parents, including the domestic partner of a parent, if eligible, shall receive the leave.
- Requires state agencies to implement a remote work program. Purpose is to enhance recruitment and retention of diverse workforce from rural areas. Declares the remote work location as an approved designated duty station. Requires employees in remote work locations to be full-time NM residents. If any of the above conflict with a current collective bargaining agreement, the provision does not apply.
- Amends State Personnel Board's rule-making authority to include hours of work, including allowance for part-time and alternative work schedules, holiday schedules, competitive leave accrual rates and paid parental leave. Additionally, it gives rule-making authority specifically for a plan to designate positions eligible for full-time remote work or part-time or hybrid remote work for an approved work site other than a designated state work site.

FISCAL IMPLICATIONS

Larger annual leave accrual rates will impact budget liability. Under the proposed bill, the top-tier state employee would accrue 24 days per year of paid leave or nearly 5 weeks per year. This will impact the liability agencies have if an employee retires or quits with a large annual leave balance that must be paid out with a cap of 240 hours.

SIGNIFICANT ISSUES

Section 1

Subsection A of HB 98 indicates the CPI increase will apply to state employees earning \$15 per hour. Currently, there are no state employees earning that lower wage, so this language in Section

1 is unnecessary. In addition, The State of New Mexico undertook a comprehensive transformation of its human resources function to address long-standing challenges in recruitment, retention, classification, compensation, and service delivery. This initiative is grounded in national best practices. The state implemented a [single salary structure](#) with 20 pay grades. The lowest pay band's minimum is set at \$15.00 and hour. So, no state employee can be paid lower than \$15.00, currently.

Subsection B. Tying wage increases for those earning minimum wage to increases in the CPI, and not decreases, potentially would not be sustainable. It is also unclear whether this is in addition to or in place of increases approved and allocated by the Legislature. This may cause issues of compaction at the agency level and add to the potential sustainability of budget based on each agency. The Legislature would likely have to commit to adding money in the 200 category to agency budgets to pay the increase.

Section 1(C), Section 2(C), Section 3(B) and Section 4(F)

This language is superfluous as NMSA 1978, Section 10-7E-17(C) already states that “a collective bargaining agreement that provides greater rights, remedies and procedures to public employees than contained in a state statute shall not be considered to be in conflict with that state statute.”

Section 2

Establishes accrual rates as noted in synopsis and noted in fiscal implications

Section 3

Paid Parental Leave is substantively duplicative to existing Paid Parental Family Medical Leave as established in Executive Order 2019-036 effective January 1, 2020, and amended Executive Order 2020-062 issued and effective September 2, 2020.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

As there is no appropriation in HB98, it does not directly affect the state budget, but it does affect the budget of individual agencies as stated and Legislative financial support is required.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS