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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 102

SHORT TITLE: Legislative Compensation

SPONSOR: Parajon

LAST UPDATE: _____ **ORIGINAL DATE:** 1/22/2026 **ANALYST:** Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY27	FY28	FY29	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Legislative Council Service – contingent upon passage of HJR5	No fiscal impact	No fiscal impact	\$7,600.0	\$7,600.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Companion to House Joint Resolution 5

Sources of Information

LFC Files

SUMMARY

Synopsis of House Bill 102

House Bill 102 (HB102) enacts a new section of Chapter 2, Article 1 NMSA 1978 to allow Legislators to receive compensation pursuant to the passage of legislation that would amend Article 4, Section 10 of the Constitution of New Mexico. The compensation would be determined initially by the median household income for New Mexico as reported in the American Community Survey published in September 2028. The compensation shall be adjusted upward or downward every four years by the most recent reported median household income for New Mexico.

Beginning with the fifty-ninth legislature, legislative compensation begins when a legislator is sworn in at the beginning of a legislature.

A legislator may choose not to receive compensation by filing a written, signed notice of refusal with the chief clerk of the legislator's chamber. A compensation refusal may be withdrawn at any time after a legislative session by the same process of notice to the chief clerk.

Legislators receiving compensation shall not be considered state employees for any purpose. The effective date of this bill is January 16, 2029, if the Secretary of State has certified that the Constitution of New Mexico has been amended in this regard.

FISCAL IMPLICATIONS

The bill says legislators that choose to receive compensation shall not be considered state employees. This would require legislators to be paid through the legislative budget.

If a joint resolution is enacted and subsequently ratified by voters, based on 112 legislators and a median household income of about \$67,800, according to the American Community Survey, the cost to the general fund on an annual basis (if all participate) is approximately \$7.6 million.

SIGNIFICANT ISSUES

Without a salary, legislators are often limited to those who are independently wealthy, have high-income jobs that let them take time off, or are retired. A modest salary may allow more working parents, younger people, and lower income people to serve. A salary also reduces reliance on outside financial and other support including from lobbyists and interest groups that may include conflicts of interest. In New Mexico, legislators work far beyond the short legislative sessions.

The median household income is when half of households earn more, and half earn less. It includes earned and unearned income, and other cash sources including pensions, for all household members. According to the U.S. Census Bureau, in 2024, the median household income in New Mexico was about \$67,800. However, after adjusting for inflation, it was closer to about \$64,100.

Because they do not receive a salary, legislators are compensated through a daily per diem and mileage rate to cover costs to attend legislative sessions in Santa Fe and interim meetings and other events throughout the year around the state. In addition to per diem and mileage, legislators also receive retirement benefits based on a calculation that is unique among members covered under the Public Employees Retirement Act, funded by oil and gas tax (that would otherwise go to the general fund), rather than payroll contributions. Under the bill and SJR5 if ratified, legislators would keep their current retirement plan under the Public Employees Retirement Association.

PERFORMANCE IMPLICATIONS

State ethics statutes appear to draw a distinction between legislators and state employees, for complaint purposes. Under the Governmental Conduct Act, “public officer or employee” means “any elected or appointed official or employee of a state agency or local government agency who receives compensation in the form of salary or is eligible for per diem, but excludes legislators.”

ADMINISTRATIVE IMPLICATIONS

There will be additional work for the Legislative Council Service while they update operational rules and procedures.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Companion to HJR5 amending the Constitution of New Mexico to allow legislators to receive compensation equivalent to the annual median household income in New Mexico; and changes the term “shall” to “entitled to receive” to allow a member to refuse compensation for their service.

OTHER SUBSTANTIVE ISSUES

According to the National Conference of State Legislatures (NCSL), in 2024, the average base salary for a state legislator was \$44.3 thousand per year. NCSL collects data from all 50 states, the U.S. territories, and Washington D.C. on legislative salaries and per diems which can be found at <https://www.ncsl.org/about-state-legislatures/2024-legislator-compensation>

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

New Mexico would no longer be the only state that does not pay its legislators a salary. All other states pay legislators some form of base salary, even if it’s quite small, in addition to per diem.

AHO/cf/ct