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FISCAL IMPACT REPORT

SPONSOR: Hurt DATE TYPED: 01/23/03 HB _____

SHORT TITLE: Salaried Legislature,CA SB SJR 3

ANALYST: Chavez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			Impact may be first realized in FY 05. Refer to the Fiscal Implications Section.	Recurring	General Fund
			\$40.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Joint Resolution 3 proposes to amend Section 2-1-8 NMSA 1978 to provide an annual salary to state legislators contingent upon the adoption by the people of an amendment to the Constitution approving legislative salaries. The proposed annual salary is to equal the amount of the federal poverty level for a family of four. In accordance with the most recent federal poverty guidelines for 2002, the annual salary would be \$18,100. In addition to the annual salary, an administrative allowance equal to one tenth of the amount of the federal poverty level for a family of four is proposed. Any unused portion of the administrative allowance will revert to the general fund.

Significant Issues

Because the proposed salary amount is dependant on the federal poverty level, the language of the bill should clarify which of the two slightly different versions of the federal poverty measure apply: poverty thresholds and poverty guidelines. The poverty thresholds are issued by the Census Bureau and are used mainly for statistical purposes. The poverty guidelines are issued by the

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Department of Health and Human Services and are used for administrative purposes. The poverty guidelines are loosely referred to as the "federal poverty level" but this is ambiguous. A recommended language change is to delete the phrase "federal poverty level" and replace it with "poverty guidelines" for further clarification.

In addition to the annual salary, an administrative allowance would be used solely for constituent services. It is recommended that the phrase "constituent services" be defined.

FISCAL IMPLICATIONS

This bill does not contain an appropriation. However, based on the most current federal poverty guidelines, the general fund deficit is estimated at \$2.0 million. The recurring impact on the general fund is estimated to increase annually by a conservative 2.5% since the poverty guidelines are updated annually for price changes in the Consumer Price Index for all urban consumers (CPI-U). The attached tables show the 2001 and 2002 HHS Poverty Guidelines. The next general election is in November 2004. Thus, the impact on the general fund will likely be first realized in FY 05.

The administrative allowance also based on the most current federal poverty guidelines and is estimated to have a impact on the general fund of \$200.0. Any unexpended or unencumbered balance remaining from the administrative allowance at the end of the fiscal year shall revert to the general fund. The recurring impact on the general fund is also estimated to increase by 2.5% annually since the administrative allowance is also based on the poverty guidelines.

An estimated \$40.0 non-recurring cost to the general fund is also expected for to the Secretary of State to place an item on the ballot. The cost for advertising and printing varies and includes: (1) the publishing of constitutional amendments in English and Spanish for four consecutive weeks in one newspaper in each county of the state; (2) the oral translation and radio broadcast into the Native American languages of Tewa, Tiwa, Towa, Keres, Zuni, Mescalero Apache, Jicarilla Apache and Navajo; and (3) the printing of amendments booklets in English and Spanish (including Spanish language translation cost) and distribution to all county clerks. This non-recurring cost will likely be realized in FY 05.

2002 HHS Poverty Guidelines

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$ 8,860	\$11,080	\$10,200
2	11,940	14,930	13,740
3	15,020	18,780	17,280
4	18,100	22,630	20,820
5	21,180	26,480	24,360
6	24,260	30,330	27,900
7	27,340	34,180	31,440
8	30,420	38,030	34,980
For each additional person, add	3,080	3,850	3,540

SOURCE: *Federal Register*, Vol. 67, No. 31, February 14, 2002, pp. 6931-6933.

2001 HHS Poverty Guidelines

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$ 8,590	\$10,730	\$ 9,890
2	11,610	14,510	13,360
3	14,630	18,290	16,830
4	17,650	22,070	20,300
5	20,670	25,850	23,770
6	23,690	29,630	27,240
7	26,710	33,410	30,710
8	29,730	37,190	34,180
For each additional person, add	3,020	3,780	3,470

SOURCE: *Federal Register*, Vol. 66, No. 33, February 16, 2001, pp. 10695-10697.