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FISCAL IMPACT REPORT

SPONSOR: White DATE TYPED: 02/10/03 HB 142

SHORT TITLE: Repeal Public Works Minimum Wage Act SB _____

ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			\$0.1 See Narrative	Recurring	General Fund/ OSF/Federal

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$0.1 See Narrative	\$0.1 See Narrative	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Response Received From

New Mexico Department of Labor (DOL)

State Highways and Transportation Department (SHTD)

Energy Minerals and Natural Resources Department (EMNRD) State Parks Division

SUMMARY

Synopsis of Bill

House Bill 142 would repeal the Public Works Minimum Wage Act, NMSA 1978 §13-4-10 through §13-4-17, also called the “Little Davis-Bacon Act” effective July 1, 2003. Current law requires that for all public works contracts or projects in excess of \$20,000, that private contractors working on such projects pay employees weekly and compensate them at established prevailing wage rates.

The Director of the Labor and Industrial Division of the New Mexico Department of Labor (DOL) sets the minimum wage requirements through an annual wage survey conducted by the Public Works Bureau. The various requirements of the current law would simply be eliminated with this repeal.

FISCAL IMPLICATIONS

Wages on public works projects would fluctuate with market conditions and demand. This should have a positive impact on the cost of public projects contracting, but it may decrease wages for construction workers. Based on past information provided by general contractors, the State Parks Division estimates that the cost of a typical state park project could be reduced by as much as 15%. Lower construction worker pay could also reduce state income tax revenue.

Currently, the DOL Public Works Bureau collects approximately \$150.0 per year in revenue contributions for apprenticeship programs. Apprenticeship contributions are made in “the same manner and in the same amount as apprenticeship and training contributions required pursuant to wage determinations made by the director.” See Section 13-4D-4(B) NMSA 1978. Should the Public Works Minimum Wage Act be repealed, a \$150.0 appropriation to DOL may be necessary to continue this program.

ADMINISTRATIVE IMPLICATIONS

This legislation repeals Sections 13-4-10 through 13-4-17 of NMSA 1978. If enacted, there would be no requirement to pay individuals working on public works construction projects the prevailing wage. Therefore, the DOL Public Works Bureau would not be needed to issue minimum wage rates for laborers and mechanics employed at public works projects and the Wage and Hour Bureau would no longer conduct wage inspections at public works projects.

ALTERNATIVES

According to the DOL, an increase in the threshold for public works projects from \$20.0 to \$100.0 would reduce the paperwork burden on small contractors and reduce some labor costs.

RLG/yr