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## FISCAL IMPACT REPORT

SPONSOR: McSorley DATE TYPED: 2/28/03 HB \_\_\_\_\_

SHORT TITLE: Family Medical Leave Credit SB 855

ANALYST: Smith

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(3,200.0)	(3,800.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

#### Responses Received From

TRD

### SUMMARY

#### Synopsis of Bill

Senate Bill 855 would allow personal and corporate income tax credits for employers that provide paid family medical leave to their employees. The credits would total 25 percent of wages or salaries paid to employees for family medical leave. The bill’s definition of “paid medical leave” is similar to the one on which the federal Family and Medical Leave Act is based, and includes leave taken by employees associated with 1) birth or adoption of a child, and 2) care of a child, spouse or parent who has a health condition that requires inpatient care in a hospice, hospital or similar facility or requires continuing treatment or supervision by a health-care provider.

### FISCAL IMPLICATIONS

TRD notes that over a typical career, an employee will likely require this type of leave for approximately three 12- week periods. Hence over a 25-year career employees will require approximately 1.5 weeks of paid medical leave per year. Assuming a typical New Mexico worker is paid approximately \$14 per hour,<sup>1</sup> the annual cost of 1.5 weeks of paid medical leave will be

<sup>1</sup> According to the New Mexico Labor Department website, the average is about \$13.40 per hour.

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approximately \$840, or \$14 x 60 hours per employee. Statistics describing typical employer practices in providing paid medical leave are scarce. However, data published in a recent issue of the *Monthly Labor Review*<sup>2</sup> seem to suggest approximately 2 percent of employers currently provide this benefit. Assuming 3 percent of the New Mexico private sector labor force receives paid medical leave benefits (roughly 18,000 employees) as a result of the proposed legislation, total payments would be \$15.12 million (18,000 x \$840). Since the credits would be one-fourth of this amount, the resulting impact on the General Fund would be approximately \$3.8 million.

SS/njw

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<sup>2</sup> "Family Leave Coverage in the 1990's", by Jane Waldfogel, *Monthly Labor Review*, October, 1999