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FISCAL IMPACT REPORT

ORIGINAL DATE 2/1/06

SPONSOR Foley LAST UPDATED _____ HB 552

SHORT TITLE Prohibit Minimum Wage Above Federal Minimum SB _____

ANALYST Francis

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	NFI			

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Office of Workforce Training and Development (OWTD)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Bill 552 amends the minimum wage to prohibit any political subdivision from enacting a minimum wage higher than the federal minimum wage. A political subdivision is defined as a home rule municipality or H class county.

FISCAL IMPLICATIONS

The current statewide minimum wage is set to the federal minimum wage. With the exception of the City of Santa Fe, no area of New Mexico would be affected by HB 552 because no other local government has a higher wage than the statewide wage. It is unclear how the bill would affect Santa Fe.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

EDD reports:

There are currently three other legislative proposals on the table. HB 258 sponsored by Speaker Lujan would raise the state minimum wage to \$7.50 beginning January 1, 2007, and would NOT prohibit local governments from raising the wage even higher. SB 449, sponsored by Senate Pro Tem Altamirano, would raise the minimum wage to \$7.50 per hour over three years, and would prohibit local governments from exceeding the state minimum wage. Finally, SB 462 sponsored by Senator Michael Sanchez would increase the state minimum wage to \$7.50 per hour effective January 1, 2007, but would also provide a small business payroll tax deduction for the increase in the minimum wage.

TECHNICAL ISSUES

There is no indication what would happen to a local government who currently has a higher minimum wage like the City of Santa Fe, whose wage is set at \$9.50 per hour.

The bill does not indicate what would happen if the statewide rate, which in statute is set to a level equal to the federal minimum but is not set at the federal minimum, were to go up.

NF/mt