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## FISCAL IMPACT REPORT

SPONSOR	<u>SJC</u>	LAST UPDATED	<u>1/30/24</u>
		ORIGINAL DATE	<u>1/30/24</u>
SHORT TITLE	<u>Judicial Salary Increases</u>	BILL	<u>CS/Senate Bill</u>
		NUMBER	<u>70/SJCS</u>
		ANALYST	<u>Davidson</u>

### APPROPRIATION\*

(dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$6,048.7	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$6,050.0	\$6,050.0	\$12,100.0	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in the General Appropriation Act, HB113 and HB141

### Sources of Information

LFC Files

Agency Analysis Received From  
Administrative Office of the Courts (AOC)

## SUMMARY

### Synopsis of SJC Substitute for Senate Bill 70

The Senate Judiciary Committee substitute for Senate Bill 70 (SB70) increases the salary of a New Mexico Supreme Court justice to \$232.6 thousand. Because all judicial salaries follow a formula based on the salary paid to Supreme Court justices, the bill would increase salaries for court of appeals judges and district court judges in addition to justices.

The substitute bill removes the salary calculation for magistrate judges that ties their salaries to that of metropolitan court judges, so that the salary increases in the bill would not apply to magistrate judges. Instead, magistrate judge salaries would be set by the Legislature.

The bill also makes an appropriation of \$6.1 million to the Administrative Office of the Courts to cover the increase to judges' salaries.

The effective date of this bill is July 1, 2024.

## **FISCAL IMPLICATIONS**

The appropriation of \$6.1 million contained in SB 70 is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall not revert to the general fund.

State statute mandates that judges in New Mexico be paid relative to a Supreme Court justice—a Court of Appeals judge receives 95 percent the salary of a Supreme Court justice, a district court judge receives 95 percent of the salary of a Court of Appeals judge, and a Metropolitan Court judge receives 95 percent the salary of a district court judge.

By removing the magistrate judge salaries from the judicial formula, the bill reduces the general fund revenues needed to cover the increase. Agency analysis states that the current magistrate judge salary, \$124 thousand, is sufficient to recruit qualified applicants.

Analysis from documents provided by AOC states that current total costs for all judges are \$29.5 million. The substitute for SB70 would increase this total to \$35.8 million. Both of these totals are without magistrate judges. Currently, total costs for magistrate judges in New Mexico is \$10.3 million. If SB70 passes but magistrate judges are not removed from the judicial pay formula, the total cost would rise to \$12.5 million.

If the proposed salary match is enacted, New Mexico associate justices would make the 10th highest adjusted salary compared with their counterparts in all other states. Associate justice and other states' court-of-last-resort judge salaries were compiled from a 2023 National Center for State Courts survey. This analysis adjusts these salaries based on the U.S. Bureau of Economic Analysis' regional price parity index to compare salaries nationally.

## **SIGNIFICANT ISSUES**

Agency analysis provided by Administrative Office of the Courts states the current salary for the New Mexico Supreme Court justices ranks 29<sup>th</sup> out of 54 and district judges are one lower at 30<sup>th</sup>. According to agency analysis, these rankings have effects on the ability to recruit judges and find qualified judges to fill vacancies.

## **POSSIBLE QUESTIONS**

Removing magistrate judges from the formula would keep magistrate judge's salary flat. The bill does not outline any formula for adjusting magistrate salaries to account for inflation or to fill vacancies. This could create troubles with recruitment and retention for magistrate judges.

AD/al/hg