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HOUSE BILL 251

**51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

INTRODUCED BY

William "Bill" R. Rehm and Daniel Ivey-Soto

AN ACT

RELATING TO PERSONNEL; RESTRICTING BUY-OUT OF STATE AGENCY  
EMPLOYMENT CONTRACTS; LIMITING THE LENGTH OF TERM OF CERTAIN  
STATE AGENCY EMPLOYMENT CONTRACTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1. EMPLOYMENT CONTRACTS--RESTRICTING BUY-OUT--  
LIMITATION OF TERM.--**

A. A state agency may agree to a buy-out of an  
employment contract only if a buy-out is required by the terms  
of the employment contract, which contract has been in force  
for at least one hundred eighty days prior to the effective  
date of:

(1) the termination of that contract for any  
reason; or

(2) the resignation of the public employee.

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1           B. A buy-out of an employment contract or a  
2 settlement agreement pursuant to a lawsuit regarding the  
3 employment contract brought by the public employee shall not  
4 exceed the lesser of:

5                   (1) the annual salary provided for in the  
6 employment contract; or

7                   (2) the salary of the governor for the  
8 immediate prior calendar year.

9           C. The term of an employment contract containing a  
10 buy-out provision shall not exceed two years.

11           D. As used in this section:

12                   (1) "buy-out" means a payment of unearned  
13 compensation, severance allowance or other remuneration to a  
14 public employee upon:

15                           (a) the resignation of the public  
16 employee prior to the stated termination date of that contract;  
17 or

18                           (b) the termination for any reason of an  
19 employment contract prior to the stated termination date of  
20 that contract;

21                   (2) "employment contract" means an agreement  
22 between a public employee and a state agency for the rendition  
23 of services, including professional services;

24                   (3) "public employee" means any officer or  
25 employee of a state agency to whom a salary is paid from public

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1 funds for services rendered; and

2 (4) "state agency" means the state or any of  
3 its branches, agencies, departments, boards, instrumentalities  
4 or institutions.

5 SECTION 2. APPLICABILITY.--The provisions of this act  
6 apply to employment contracts entered into, extended or renewed  
7 after June 30, 2013.

8 SECTION 3. EFFECTIVE DATE.--The effective date of the  
9 provisions of this act is July 1, 2013.