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FISCAL IMPACT REPORT

SPONSOR Martinez, R/Allison/
Small/ Madrid/ ORIGINAL DATE 2/25/19
Garcia, H LAST UPDATED _____ HB 512/aHLLC
 SHORT TITLE Firefighter Retirement Service Credit SB _____
 ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		No Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Relates to: SB 565

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Employees Retirement Association (PERA)

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Amendment HLLC Amendment

Local Government, Land Grants and Cultural Affairs Committee amendment to House Bill 512 removes the word, "Board," and replaces it with, "association," in the following two sentences.

1. Page 2, line 25:
 - a. file with the association a completed "Corrected Qualification Record" or "Adjusted Qualification Record" as prescribed by the board;
2. Page 3, line 16:
 - a. file with the association a completed "Corrected Qualification Record" or "Adjusted Qualification Record" as prescribed by the board;

Synopsis of Bill

House Bill 512 amends the Volunteer Firefighter Retirement Act [10-11A-1 et seq.] to allow a one-year period, through April 1, 2020, for a volunteer firefighter member to claim service credit

earned for one or more years of service credit for years on or after January 1, 1984, subject to certain conditions.

HB 512 requires claims of earned service credit be made on a notarized form prescribed by the retirement board with and signed by the mayor or city manager (municipal fire districts) or the chair of the board of county commissioners (county fire districts).

FISCAL IMPLICATIONS

The Public Employees Retirement Association submitted the following:

The Volunteer Firefighters Retirement Plan (“Plan”), passed by the Legislature in 1983, is unlike other PERA coverage plans in that it is not funded based upon contributions from salary. Volunteer firefighters are not salaried employees and their “retirement benefits” do not derive from employment. Rather, the benefits are provided by the Legislature and funded by the Legislature from the Fire Protection Fund. The source of funding to meet the Fund’s statutory obligations is an annual appropriation of \$750 thousand which is transferred to the Volunteer Firefighters Retirement Fund. The Plan is currently 141.5 percent funded for the year ending June 30, 2018.

SIGNIFICANT ISSUES

Section 1, D (3) requires that a member may post or adjust service credit earned for one or more years beginning on or after January 1, 1984; provided that the member shall have the notarized forms signed by the mayor or city manager.

Section 1, E states that the association may request the fire marshal division of the public regulation commission to verify member qualifications submitted to the association.

These are the only requirements necessary to claim service credit for the past 35 years. This requires minimal documentation of prior service and may create a window for abuse.

The Public Employees Retirement Association submitted the following:

There are currently 7,939 active volunteer firefighter members in the Plan and 366 volunteer fire departments statewide. Active volunteer firefighters are non-salaried and are tracked by volunteer fire department annual reporting. Currently, members have the ability to post prior service credit to the two preceding years. This provides PERA with accurate data for assessing the liabilities of the Plan and its annual normal cost, which represents the actuarial dollar cost allocated to the current year.

Current law allows a volunteer firefighter member to claim service credit for each year in which the member attended/participated in 50 percent of: 1) all scheduled fire drills; 2) all scheduled business meetings; and 3) emergency response calls. The chief of each volunteer fire department is responsible for the reporting service credit for the preceding calendar year for their department’s individual volunteer fire members on or before March 31st. Volunteer firefighter members currently may post or adjust service credit earned for no more than two preceding calendar years, subject to certain conditions.

The Public Regulation Commission provided the following:

It would open a window until April 2020 for members of a volunteer fire department to submit records of having attended 50 percent of all fire drills, business meetings and emergency response calls. Notarized forms signed by the mayor would be required.

ADMINISTRATIVE IMPLICATIONS

There will be a significant administrative impact to annual volunteer firefighter service credit reporting through April 1, 2020.

The Public Regulation Commission provided the following:

There are no administrative implications noted for HB 512 to the Public Regulation Commission or its staff.

TECHNICAL ISSUES

The Public Employees Retirement Association submitted the following:

HB 512 requires a volunteer firefighter member who is claiming service credit earned but not posted to be claimed on a “Corrected Qualification Record” or “Adjusted Qualification Record” as prescribed by the board. All forms created and used by PERA are prescribed by the association.

AMENDMENTS

The following amendments were suggested by the Public Employees Retirement Association to the original bill. The Local Government, Land Grants and Cultural Affairs Committee made both changes to the original bill.

The Public Employees Retirement Association submitted the following:

1. On page 2, line 25, after “the” strike “board” and insert “association.”
2. On page 3, line 16 after “the” strike “board” and insert “association.”

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB 565, which removes the Fire Marshal’s Office from the Public Regulation Commission.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Active volunteer firefighter members will be able to post prior service credit for the two preceding years.

The Public Regulation Commission provided the following:

Volunteers who have the years for retirement may have to work additional years due to the inability to submit verified and notarized documents that can prove retirement eligibility.

JM/sb/gb