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HOUSE BILL

**54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

INTRODUCED BY

ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

AN ACT

RELATING TO RETIREE HEALTH CARE; INCREMENTALLY INCREASING RATES OF EMPLOYEE AND EMPLOYER CONTRIBUTIONS TO THE RETIREE HEALTH CARE FUND.

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

SECTION 1. Section 10-7C-15 NMSA 1978 (being Laws 1990, Chapter 6, Section 15, as amended by Laws 2009, Chapter 287, Section 2 and by Laws 2009, Chapter 288, Section 3) is amended to read:

"10-7C-15. RETIREE HEALTH CARE FUND CONTRIBUTIONS.--

A. Following completion of the preliminary contribution period, each participating employer shall make contributions to the fund pursuant to the following provisions:

(1) for participating employees who are not members of an enhanced retirement plan, the employer's

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1 contribution shall equal, for fiscal year:

2 ~~[(a) one and three-tenths percent of~~  
3 ~~each participating employee's salary for the period from July~~  
4 ~~1, 2002 through June 30, 2010;~~

5 ~~(b) one and six hundred sixty-six~~  
6 ~~thousandths percent of each participating employee's salary for~~  
7 ~~the period from July 1, 2010 through June 30, 2011;~~

8 ~~(c) one and eight hundred thirty-four~~  
9 ~~thousandths percent of each participating employee's salary for~~  
10 ~~the period from July 1, 2011 through June 30, 2012; and~~

11 ~~(d)]~~ (a) 2019, two percent of each  
12 participating employee's salary [~~beginning July 1, 2012~~];

13 (b) 2020, two and one-half percent of  
14 each participating employee's salary; and

15 (c) 2021 and subsequent fiscal years,  
16 three percent of each participating employee's salary;

17 (2) for participating employees who are  
18 members of an enhanced retirement plan, the employer's  
19 contribution shall equal, for fiscal year:

20 ~~[(a) one and three-tenths percent of~~  
21 ~~each participating employee's salary for the period from July~~  
22 ~~1, 2002 through June 30, 2010;~~

23 ~~(b) two and eighty-four thousandths~~  
24 ~~percent of each participating employee's salary for the period~~  
25 ~~from July 1, 2010 through June 30, 2011;~~

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1                                   ~~(b) eight hundred thirty-three~~  
2 ~~thousandths of one percent of the employee's salary for the~~  
3 ~~period from July 1, 2010 through June 30, 2011;~~

4                                   ~~(c) nine hundred seventeen thousandths~~  
5 ~~of one percent of the employee's salary for the period from~~  
6 ~~July 1, 2011 through June 30, 2012; and~~

7                                   ~~(d)]~~ (a) 2019 through fiscal year 2021,  
8 one percent of the employee's salary [~~beginning July 1, 2012~~];

9                                   (b) 2022, one and one-fourth percent of  
10 the employee's salary; and

11                                   (c) 2023 and subsequent fiscal years,  
12 one and one-half percent of the employee's salary;

13                                   (2) for a participating employee who is a  
14 member of an enhanced retirement plan, the employee's  
15 contribution shall equal, for fiscal year:

16                                   ~~[(a) sixty-five hundredths of one~~  
17 ~~percent of the employee's salary for the period from July 1,~~  
18 ~~2002 through June 30, 2010;~~

19                                   ~~(b) one and forty-two thousandths~~  
20 ~~percent of the employee's salary for the period from July 1,~~  
21 ~~2010 through June 30, 2011;~~

22                                   ~~(c) one and one hundred forty-six~~  
23 ~~thousandths percent of the employee's salary for the period~~  
24 ~~from July 1, 2011 through June 30, 2012; and~~

25                                   ~~(d)]~~ (a) 2019 through fiscal year 2021,

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1 one and one-fourth percent of the employee's salary [~~beginning~~  
2 ~~July 1, 2012~~];

3 (b) 2022, one and one-half percent of  
4 the employee's salary; and

5 (c) 2023 and subsequent fiscal years,  
6 one and three-fourths percent of the employee's salary; and

7 (3) as a condition of employment, each  
8 participating employee of an employer that chooses to become a  
9 participating employer after January 1, 1998 shall contribute  
10 to the fund an amount that is determined to be appropriate by  
11 the board. Each month, participating employers shall deduct  
12 the contribution from the participating employee's salary and  
13 shall remit it to the board as provided by any procedures that  
14 the board may require.

15 C. [~~On or after July 1, 2009~~] No person who has  
16 obtained service credit pursuant to Subsection B of Section  
17 10-11-6 NMSA 1978, Section 10-11-7 NMSA 1978 or Paragraph (3)  
18 or (4) of Subsection A of Section 22-11-34 NMSA 1978 may enroll  
19 with the authority unless the person makes a contribution to  
20 the fund equal to the full actuarial present value of the  
21 amount of the increase in the person's health care benefit, as  
22 determined by the authority.

23 D. Except for contributions made pursuant to  
24 Subsection C of this section, a participating employer that  
25 fails to remit before the tenth day after the last day of the

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1 month all employer and employee deposits required by the  
2 Retiree Health Care Act to be remitted by the employer for the  
3 month shall pay to the fund, in addition to the deposits,  
4 interest on the unpaid amounts at the rate of six percent per  
5 year compounded monthly.

6 E. Except for contributions made pursuant to  
7 Subsection C of this section, the employer and employee  
8 contributions shall be paid in monthly installments based on  
9 the percent of payroll certified by the employer.

10 F. Except in the case of erroneously made  
11 contributions or as may be otherwise provided in Subsection D  
12 of Section 10-7C-9 NMSA 1978, contributions from participating  
13 employers and participating employees shall become the property  
14 of the fund on receipt by the board and shall not be refunded  
15 under any circumstances, including termination of employment or  
16 termination of the participating employer's operation or  
17 participation in the Retiree Health Care Act.

18 G. Notwithstanding any other provision in the  
19 Retiree Health Care Act and at the first session of the  
20 legislature following July 1, 2013, the legislature shall  
21 review and adjust the distributions pursuant to Section 7-1-6.1  
22 NMSA 1978 and the employer and employee contributions to the  
23 authority in order to ensure the actuarial soundness of the  
24 benefits provided under the Retiree Health Care Act.

25 H. As used in this section, "member of an enhanced

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retirement plan" means:

(1) a member of the public employees retirement association who, pursuant to the Public Employees Retirement Act, is included in:

- (a) state police member and adult correctional officer member coverage plan 1;
- (b) municipal police member coverage plan 3, 4 or 5;
- (c) municipal fire member coverage plan 3, 4 or 5; or
- (d) municipal detention officer member coverage plan 1; or

(2) a member pursuant to the provisions of the Judicial Retirement Act."