

IOC-Endorsed Legislation

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| HB 31, Larrañaga | Require that the Water Trust Fund (WTF) be invested with the statutory limitations of the Uniform Prudent Investor Act. (Proposal brought to IOC by SIC; bill died in senate.) |
| HB 38, Trujillo | Authorize the (PERA) Board to hire a custodian bank. (Proposal brought to IOC by SIC; bill signed April 2, Chapter 27.) |
| HB 52, Varela | Require the Tobacco Settlement Permanent Fund to be invested with the statutory limitations of the Uniform Prudent Investor Act. (Proposal brought to IOC by SIC; bill signed April 8, Chapter 167.) |
| HB 133, Stewart | Delaying employer contribution increases for educational retirement. (Proposal brought to the IOC by the RSSTF; bill died in house.) |
| SB 17, Keller | Remove governor from State Investment Council (SIC). This bill was combined by the Senate Rules Committee with SB 64 (Keller) into SRC/SB 17 & 64 (See SB 64 below). (SB 17 was IOC proposal; SRC/SB 17 & 64 was vetoed by governor.) |
| SB 18, Keller | Enforcement of the Uniform Securities Act by the attorney general and expanding the definition of fraud. (IOC proposal; bill died in senate.) |
| SB 24, Keller | Change the board membership for the Small Business Investment Corporation. (IOC proposal; bill died in house.) |
| SB 25, Keller | Expand the duties of the Private Equity Investment Advisory Council. (IOC proposal; bill vetoed by governor.) |
| SB 64, Keller | Change the makeup of the SIC and provide for the election of the chair and vice chair by the SIC. Authorize the SIC to contract for legal services on a contingent fee basis. Portions of this bill were combined by the Senate Rules Committee with SB 17 (Keller) into SRC/SB 17 & 64, which removed the governor, the four members appointed by the New Mexico Legislative Council and the "chief financial officer of a state institution of higher education" as SIC members and added an additional member appointed by the governor and four members appointed by house and senate leadership. The substitute bill directed that the chair and vice chair of the SIC be selected by the appointed SIC members and made other changes to the powers and duties of the SIC and the state investment officer. (SB 64 was IOC proposal; SRC/SB 17 & 64 vetoed by governor.) |
| SB 82, Sapien | Remove state investment officer from certain boards. (Proposal brought to IOC by SIC; bill signed on April 4, Chapter 51.) |
| SB 86, Munoz | Authority for the SIC to enter into contingency fee agreements with private counsel to pursue state investment losses. (Proposal brought to IOC by SIC; bill signed March 18, Chapter 91.) |
| SB 87, Munoz | Increase PERA contribution rates for state, municipal police and municipal fire retirement plans by 2% per year for four consecutive years beginning July 1, 2011. <ul style="list-style-type: none"> • Each annual 2% increase is to be split one-third employee and two-thirds employer, or about 0.67% for the employee and 1.33% for the employer. (Proposal brought to IOC by PERA; bill died in senate.) |
| SB 88, Munoz | Increase PERA contribution rates for judicial and magistrate retirement plans by 2% per year for four consecutive years beginning July 1, 2011. <ul style="list-style-type: none"> • Each annual 2% increase is to be split one-third employee and two-thirds |

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| | <p>employer, or about 0.67% for the employee and 1.33% for the employer. (Proposal brought to IOC by PERA; bill died in senate.)</p> |
| SB 186, Leavell | <p>Prevent a PERA municipal affiliated employer from paying any portion of an employee's retirement plan contributions under a plan created on or after July 1, 2011.</p> <ul style="list-style-type: none"> • Currently, a municipal affiliated public employer may pay up to 75% of its employees' contributions to the PERA fund. <p>(IOC proposal; bill died in senate.)</p> |
| SB 204, Smith | <p>Reduce cost of living adjustment (COLA) for PERA retirement benefits to be based on Consumer Price Index (CPI) rather than flat rate of 3% for current retirees and current and future employees.</p> <ul style="list-style-type: none"> • COLA would provide an increase equal to three-fourths of the percentage increase in the CPI, with a maximum of 3% and a minimum of 0%. <p>(IOC proposal; bill died in senate.)</p> |
| SJR 17, Burt | <p>Amend Article 12, Section 7 and Article 16, Section 6 of the Constitution of New Mexico to increase the duty of care and change the limitations on investment of the land grant permanent funds and the WTF.</p> <p>(Proposal brought to IOC by SIC; bill died in house.)</p> |
| <p>Other Pension-Related Legislation Substantially Affecting Retirement System Solvency or the General Fund Budget</p> | |
| <p>Contribution Increases, Shifts or Delays</p> | |
| HB 18, Kintigh | <p>Increase legislative retirement member contributions to \$600 from \$500 for each year of credited service.</p> <p>(Bill died when house failed to concur with senate amendments.)</p> |
| HB 58, Stewart | <p>Provide that certain amounts from civil docket and jury fees be deposited in the general fund, that contributions to judicial and magistrate retirement be made from the general fund and that contributions to the judicial and magistrate retirement funds be increased.</p> <p>(Proposal brought to the IOC by the Retirement Systems Solvency Task Force (RSSTF); bill vetoed by the governor.)</p> |
| HB 129/a, Varela | <p>Shift pension contribution requirements for return-to-work (RTW) employees under the Educational Retirement Act from the employer to the employee and makes the contributions non-refundable.</p> <p>(Bill signed March 16, Chapter 6.)</p> |
| HB 272, Stewart | <p>This bill does not substantially affect solvency, it simply requires the PERA and the Educational Retirement Board (ERB) to provide actuarial and other solvency-related reports to the legislature and to interim committees of the legislature upon request.</p> <p>(Bill died in senate.)</p> |
| HB 468, Bratton | <p>Increase employee contributions and decrease employer contributions by 2% for FY 2012 and FY 2013 for certain PERA and ERB member employees earning over \$20,000 per year.</p> <ul style="list-style-type: none"> • Bill specifically excludes public school teachers and educational assistants earning over \$20,000 from the "swap". <p>(Bill died in house.)</p> |
| HAFC/HB 628/a, Bratton | <p>Extend the previously enacted two-year (FY 2010 and FY 2011) 1.5% contribution shift from the employer to the employee, for those employees with an annual</p> |

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| | <p>salary greater than \$20,000, for another two years (FY 2012 and FY 2013). Delays until FY 2014 and FY 2015 the two remaining 0.75% increases in employer contribution for the ERB currently scheduled for FY 2012 and FY 2013. Enacts an additional one-year 1.75% contribution shift from the employer to the employee for FY 2012, for those employees with an annual salary greater than \$20,000, for FY 2012. Per SFC amendment, extends the 1.75% shift to FY 2013, <u>if and only if</u> the last revenue estimate before the beginning in January 2012 of the 50th Legislature projects:</p> <ul style="list-style-type: none"> • less than \$100 million <u>more</u> in general fund revenue for FY 2012 from that expected when the FY 2012 budget was passed in March 2011; <u>and</u> • that at the end of FY 2012, general fund reserves will be less than 5% of general fund appropriations for FY 2012. <p>(Bill signed April 8, Chapter 178.)</p> |
| SB 248, Ingle | <p>ERB and PERA contribution changes:</p> <ul style="list-style-type: none"> • make permanent a 1.5% employer to employee contribution shift for employees making more than \$20,000; • make an additional 1.75% employer to employee contribution shift for FY 2013 for employees making more than \$20,000; and • delay two remaining 0.75% employer contribution increases currently scheduled for FY 2012 and FY 2013 until FY 2013 and FY 2014. <p>(Bill died in senate.)</p> |
| SB 265, Asbill | <p>Increase ERB employee contribution rates over four years:</p> <ul style="list-style-type: none"> • employee contribution rates would increase from 7.9% to 8.4% for those making \$20,000 or less and to 9.9% for those making more than \$20,000; and • employer contribution rates would be increased over an extended six-year period to a final 13.9% of salary. <p>(Bill died in senate.)</p> |
| SB 529, M. Sanchez | <p>Increase PERA employee contribution rates for municipal firefighter retirement plans by 1% per year beginning in FY 2012 and ending in FY 2015 from the current 8% of salary to 12% of salary.</p> <p>(Bill died in senate.)</p> |
| Retirement Plan Benefit Changes | |
| HB 57, Stewart | <p>Allow all retirees returning to work after July 1, 2011 to earn up to \$15,000 without any waiting period, without becoming members and paying contributions and without suspending their pensions. After \$15,000, the bill requires the RTW employee suspend his or her pension and once again become a PERA member with certain conditions. RTW employees "grandfathered" under Laws 2010, Chapter 18 remain unaffected by this bill.</p> <p>(Bill died in senate.)</p> |
| HB 142, B. Lujan | <p>Allow RTW retirees to fill the following employment positions with PERA-affiliated employers without suspending their pensions:</p> <ul style="list-style-type: none"> • undersheriffs and executive secretaries to sheriffs; • school crossing guards; and • precinct board members for elections. <p>(Bill died in house.)</p> |
| HB 251, Stewart | <p>Amend ERB and PERA retirement plans for employee members eligible to retire on or</p> |

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| and Ingle | <p>after July 1, 2014:</p> <ul style="list-style-type: none"> • require state, legislative and municipal general plan members to reach a minimum age for retirement eligibility of 55 years if age and years of service equal at least 80; • reduce the COLA for retirees from 3% each July 1 and instead provides a COLA increase equal to three-fourths of the percentage increase in the CPI with a maximum of 3% and a minimum of 0%; and • delay receipt of COLAs by defining "qualified pension recipient" as a normal retirement member who has reached age 65 and has been retired for one full calendar year. <p>(Bill died in house.)</p> |
| HAFC/HB 644, Stewart | <p>Amend ERB and PERA retirement plans for certain employees not vested (five years of service credit) as of July 1, 2011:</p> <ul style="list-style-type: none"> • Increase age and service requirements under the following plans: <ul style="list-style-type: none"> ○ State General Plan 3: minimum age of 55 with age and service equal to 80; ○ Municipal General Plans 1-4: minimum age of 55 with age and service equal to 80; and ○ Educational Retirement Act: <ul style="list-style-type: none"> ▪ Tier 1b - non-vested members that entered ERB prior to June 30, 2010: minimum age of 55, rule of 75; and ▪ Tier 2 members – non-vested members who entered ERB after June 30, 2010: minimum age of 55 with age and service equal to 80. • The following PERA non-vested members are exempted from the new age 55 requirement: <ul style="list-style-type: none"> ○ all uniformed employees (public safety); ○ peace officers under State General Plan 3; ○ legislative members; and ○ judicial and magistrate plan members. • The COLA for all non-uniformed PERA employees from the automatic 3% beginning two calendar years after retirement to one based on 0.75% of the CPI starting at age 65 with a one calendar year retirement requirement. The COLA has a floor of 0% and a cap of 3%. • The COLA for uniformed PERA employees would continue to start two years after retirement, but would be based on the CPI, rather than an automatic 3%. Uniformed employees are those in the following plans: <ul style="list-style-type: none"> ○ peace officers in State General Plan 3; ○ members of the State Police Member and Adult Correctional Officer Plan 1; ○ members of Municipal Police Member Plans 3-5; ○ members of Municipal Fire Plans 3-5; ○ members of Municipal Detention Officer Plan 1; and ○ members of State Hazardous Duty Plan. <p>Vested ERB employees may purchase up to one year of service credit as long as the employee pays the actuarial rate within 60 days of being informed of the amount. PERA employees already have this provision.</p> |

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| | (Bill died in senate.) |
| SB 268, Neville | <p>Public employee retirement plan changes with reduced benefit structure for new members hired on or after July 1, 2011, aka PERA's proposed "Ideal Plan":</p> <ul style="list-style-type: none"> • state and municipal general members (non-uniformed): <ul style="list-style-type: none"> ○ retirement with 30 years of service credit and with a minimum age of 55; ○ rule of 85 eligibility; and ○ COLA based on CPI with a 0% floor and a 3% cap; • state and municipal public safety (uniformed police and fire): <ul style="list-style-type: none"> ○ retirement with 25 years of service credit and with a minimum age of 50; ○ rule of 80 eligibility; and ○ COLA based on CPI with a 0% floor and a 3% cap. <p>(Bill died in senate.)</p> |
| SB 303, Nava | <p>Change certain plan benefit calculations for members beginning employment after December 31, 2013 to make these calculations identical for PERA and ERB:</p> <ul style="list-style-type: none"> • the bill would enact the following changes: <ul style="list-style-type: none"> ○ increase ERB's COLA calculation to the 3% flat rate currently in place for PERA; ○ increase average salary calculation for PERA from highest 36 to highest consecutive 48 months; and ○ increase PERA state employee contribution to 7.66% from current 7.42% and decrease PERA state employer contribution to 15.245% from current 16.59%. <p>(Bill died in senate.)</p> |
| SB 324, Jennings | <p>Allow retired state police officers to return to work with PERA-affiliated employers as undersheriffs or deputy sheriffs without suspending their pensions.</p> <p>(Bill died in senate.)</p> |
| SB 506, Ingle | <p>Allow PERA retirees to return to work with PERA-affiliated employers as chiefs of police or undersheriffs without suspending their pensions under certain conditions.</p> <p>(Bill died in senate.)</p> |
| Other Investment-Related Legislation | |
| HB 19, Kintigh | <p>Reduce the allowable amount of the Severance Tax Permanent Fund (STPF) loaned to New Mexico film and television productions from 6% to 3% and require loans to film entities to carry a market rate of interest. The bill also repeals the film production credit.</p> <p>(Bill died in house.)</p> |
| HB 290, Egolf | <p>Create a state-owned and -controlled small business development bank capitalized with up to \$100 million from the STPF.</p> <p>(Bill died in house.)</p> |
| HBIC/HB 415, Maestas | <p>Allocate up to \$17 million from the existing film loan program to small New Mexico and Native American filmmakers. The loans would bear interest but would allow for discounts based on a number of variables, including tourism benefits and a portion of the film utilizing rural locations.</p> <p>(Bill vetoed by the governor.)</p> |
| HB 548, Bratton | <p>HB 548 would have the SIC, state treasurer, ERB and PERA discontinue investments in a fund or investment vehicle provided by an investment management company</p> |

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| | <p>represented by a third-party agent. When it has been determined that such a placement agent was employed and paid relative to a state investment, the bill seeks return of investment and all fees, or if greater, the investment plus interest of LIBOR plus 5%. The bill also requires potential sales agents to disclose the principals they represent and certify they will receive no additional compensation for their work in representing the potential investment.</p> <p>(Bill died in house.)</p> |
| HAFC/HB 627, Bratton | <p>Require the SIC to charge film production companies a market rate of interest for film loans; specifically, an interest rate of the Wall Street Journal (WSJ) prime rate plus 1.5% if filming primarily in a class A county and an interest rate of the WSJ prime rate plus 1% if filming primarily outside a class A county.</p> <p>(Bill died in senate.)</p> |
| SB 1, Sanchez | <p>Authorizes the State Board of Finance to sell up to \$300 million in revenue notes to the land grant permanent funds and/or STPF to be repaid with interest over a maximum of five years. The rate of interest payable on the recovery investment notes shall not exceed the equivalent treasury yield plus 200 basis points (or 2%). The proceeds of the sale would supplement the general fund in order to meet general fund appropriations.</p> <p>(Bill died in senate.)</p> |
| SJC/SB 269/a, Sapien | <p>Amends the Educational Retirement Act so that the board is authorized to select its own custodial bank for investment assets and hire attorneys on a contingency fee basis. The bill includes a requirement that proposed attorney contracts would be submitted to the attorney general (AG) for review of contingency fees. If the AG deems a fee not to be reasonable, the board could approve a contract and the fee upon a vote of at least four members for approval. Attorneys seeking contract work would be required to disclose to the board all campaign contributions to the governor, AG, state treasurer or a board member or to a political committee of any candidate for state office.</p> <p>(Bill signed April 8, Chapter 157.)</p> |
| SJM 16, P. Griego | <p>The SIC shall evaluate the performance of the New Mexico film incentive program, with particular emphasis on the loan component, and make recommendations for improvements and accountability measures to the appropriate legislative interim committee by December 2011.</p> <p>(Bill passed senate and house.)</p> |