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FISCAL IMPACT REPORT

| SPONSOR: | Taylor, J.G. | DATE TYPED: | 02/27/01 | HB | 597 |
|---------------------------------|--------------|---------------|----------|------|-------|
| SHORT TITLE: Amend Magistrate R | | etirement Act | | SB | |
| | | | ANAL | YST: | Eaton |

REVENUE

| Estimated | l Revenue | Subsequent Veges Impost | Recurring | Fund | |
|-----------|---------------|----------------------------|------------|----------|--|
| FY01 | FY02 | Years Impact | or Non-Rec | Affected | |
| | Indeterminate | Indeterminate | Recurring | PERA | |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

This bill adds an early retirement provision to the Magistrate Retirement Act and amends the Magistrates Retirement to raise the ceiling for Magistrate Judge retirement from 75 percent to 80 percent of salary of the last year in office. The early retirement provision is identical to the early retirement contained in the Judicial Retirement Act.

Significant Issues

This bill does not contain any appropriation or contribution increase to fund the enhanced benefits.

FISCAL IMPLICATIONS

This bill will have a negative actuarial impact on the Magistrate Retirement fund which currently has stagnant funding. Over 60% of the annual contributions for Magistrate Retirement are from civil docket and civil jury fees and are not pay related. Magistrate Judges pay five percent of salary in contributions and their employer pays nine percent of salary.

OTHER SUBSTANTIVE ISSUES

NM Const. Art. XX, Section 22 prohibits increased benefits unless the benefits are properly funded on an actuarially sound basis. The proposed bill does not include funding for these benefits.

PERA indicate that the Bernalillo County Metropolitan Court asked for an actuarial study of an 18 year early retirement for all judges under the Magistrate Retirement Act. PERA's actuaries have

House Bill 597 -- Page 2

stated that it would cost an additional 2.43 percent of payroll or a lump sum of \$762,671 to fund 18 year early retirement. PERA's actuaries have not studied how much is needed to fund the impact raising the pension cap to 80 percent of the last year of salary.

JBE/njw