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FISCAL IMPACT REPORT



SPONSOR: Carraro DATE TYPED: 02/01/02 HB

SHORT TITLE: Fiscal Integrity of State Permanent Funds SB SJM 34

ANALYST: Burch

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		See "Fiscal Implications" section of this report			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC files
 State Investment Council
 State Department of Finance and Administration (agency analysis not received as of the date of this report)
 Educational Retirement Board (agency analysis not received as of the date of this report)
 Public Employees Retirement Association
 Commissioner of Public Lands

SUMMARY

Synopsis of Bill

Senate Joint Memorial 34 requests the Legislative Council to appoint a task force to study the safeguards in place that protect the fiscal integrity of the state permanent funds and make recommendations for changes to the Legislature in January 2003. The task force would be comprised of three senators, three representatives, and one member each appointed by the Department of Finance and Administration, State Investment Council, Public Employees Retirement Association and Educational Retirement Board.

Significant Issues

The memorial points out that:

- The corpus of the land grant and severance tax permanent funds is more than \$10 billion and

the distributions from the funds are vital for the future prosperity of New Mexico;

- The corpus of the two retirement funds (public employees and education) is more than \$14 billion and the actuarial soundness of the funds is necessary to maintain a healthy work environment; and
- The recent Enron bankruptcy and losses suffered by the funds make essential that safeguards be in place to protect their fiscal integrity.

FISCAL IMPLICATIONS

Presumably, the cost of the task force would be paid from the appropriation made in Subsection B of Section 3 of House Bill 1 (Feed Bill) for legislative interim expenses.

ADMINISTRATIVE IMPLICATIONS

Legislative Council staff would support the work of the task force. Staff from the State Investment Council, Public Employees Retirement Association and Educational Retirement Board would also be required to support the work of the task force.

DKB/njw