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FISCAL IMPACT REPORT

ORIGINAL DATE 02/03/12

SPONSOR Vigil LAST UPDATED _____ HB 209

SHORT TITLE Motor Transportation Officer Retirement SB _____

ANALYST Smith

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
	Negative		Recurring	PERA Funding Ratio

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$900.0	\$900.0	\$1,800.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

SUMMARY

Synopsis of Bill

HB 209 provides motor transportation officers and special investigations division officers employed by the Department of Public Safety the same enhanced retirement benefits as provided under the existing State Police Member and Adult Correctional Officer Member Coverage Plan 1. Currently these employee groups are covered under a 25-year retirement plan, State General Member Coverage Plan 3.

Motor transportation officers and special investigations division officers, if approved by an election of the affected membership, would be eligible for a 20% service credit increase in all past and future credited service, a 3% pension factor and an 80% pension maximum now only available to state police and adult correctional officers and municipal detention officers.

HB 209 requires that motor transportation officers and special investigation division officers earn 36 months of service credit after January 1, 2013 under the new coverage plan before they are eligible to retire with enhanced benefits.

FISCAL IMPLICATIONS

No actuarial cost determination was performed for the requested increase in retirement benefits. HB 209 provides no appropriation for the unfunded accrued actuarial liability (“increased liabilities”) that the enhanced retirement benefits will cause. Rather, HB 209 provides for a combined statutory employee and employer contribution rate of 32.70% to amortize the unfunded accrued actuarial liability over 30 years.

SIGNIFICANT ISSUES

PERA opposes any benefit enhancement legislation that is not prospective and that may create an unfunded liability to the retirement systems it administers unless such unfunded accrued liability is pre-funded from sources other than the retirement trust fund. Since the legislation provides no appropriation for the unfunded accrued actuarial liability that will be created by enhancing past service credit, PERA opposes HB 209.

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