SENATE BILL 48

53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018

INTRODUCED BY

Bill Tallman

AN ACT

RELATING TO STATE EMPLOYEES; PROVIDING FOR A PROGRAM THROUGH WHICH PARTICIPATING STATE EMPLOYEES HAVE PORTIONS OF THEIR SALARIES OR WAGES DEDUCTED AND DISBURSED FOR THE REPAYMENT OF PERSONAL LOANS.

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

SECTION 1. A new section of Chapter 10 NMSA 1978 is enacted to read:

"[NEW MATERIAL] EMPLOYEE LOAN PROGRAM--PAYROLL DEDUCTION AND DISBURSEMENT FOR LOAN REPAYMENT.--

A. In accordance with rules that it promulgates, the department of finance and administration may establish as a benefit for state employees an employee loan program:

(1) through which the state deducts portions of participating employees' salaries or wages for disbursement

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to accounts established by qualified lenders for the repayment
of loans made by them;

(2) that poses no financial risk to the state;

(3) in which no qualified lender receives
compensation from the state in exchange for the service;

(4) that does not subject the state to claims
by state employees related to the program or to a loan or loan
repayment made through the program, including claims resulting
from the department's inadvertent failure to:

(a) make an employee-requested payroll
deduction or disbursement; or

(b) deduct and disburse the correct
amount for loan repayment;

(5) in which, for each participating employee,
the amount deducted and disbursed in any pay period is twelve
percent or less of the participating employee's gross salary or
wages for that period; and

(6) in which, for each loan repaid through the
program:

(a) the annual percentage rate is equal
to or less than thirty percent at the time of the loan;

(b) the loan term is one year or less;

(c) the participating employee's credit
score is not used to determine eligibility for the loan; and

(d) the state has no involvement in the
loan decision process and assumes no responsibility to use
state money to repay the loan, to subsidize the loan or to
guarantee the loan.

B. As used in this section, "qualified lender"
means a loan company, or another type of entity, licensed in
accordance with, or exempt from, the New Mexico Small Loan Act
of 1955."

SECTION 2. EFFECTIVE DATE.--The effective date of the
provisions of this act is July 1, 2018.