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HOUSE BILL 46

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Tomás E. Salazar

ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

AN ACT

RELATING TO EDUCATIONAL RETIREMENT; PROVIDING FOR CERTAIN
AUTOMATIC INCREASES IN CONTRIBUTIONS; PROVIDING FOR A
DISTRIBUTION FROM THE GROSS RECEIPTS TAX TO THE EDUCATIONAL
RETIREMENT FUND; MAKING AN APPROPRIATION.

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

SECTION 1. Section 22-11-49 NMSA 1978 (being Laws 1991,
Chapter 118, Section 7, as amended) is amended to read:

"22-11-49. ALTERNATIVE RETIREMENT PLAN--CONTRIBUTIONS.--

A. A participant shall contribute an amount equal
to the percentage of the participant's salary that the
participant would be required to contribute if the participant
were, instead, a regular member. The contribution shall be
made as provided by the board.

B. A qualifying state educational institution shall

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1 contribute on behalf of each participant an amount of the
2 participant's salary equal to the contribution that would be
3 required of the employer if the participant were, instead, a
4 regular member. Of that contribution, a sum equal to three and
5 one-fourth percent of the annual salary of each participant
6 shall be paid to the fund, and the remainder of the
7 contribution shall be paid to the alternative retirement plan
8 as provided by the board; provided, however, that on July 1
9 following any report by the actuary to the board that concludes
10 that less than three and one-fourth percent is required to
11 satisfy the unfunded actuarial liability attributable to the
12 participation of the participants in the alternative retirement
13 plan, then the percentage the actuary determines is the minimum
14 required to satisfy that liability.

15 C. Any increase in the local administrative unit
16 contribution rate in Section 22-11-21 NMSA 1978 that is
17 effective on or after July 1, 2020 shall automatically increase
18 the sum of the participant's annual salary to be paid to the
19 fund by an amount equal to the percentage increase in employer
20 contributions.

21 [~~G.~~] D. Contributions required by this section may
22 be made by a reduction in salary or by a public employer pick-
23 up as provided in the Internal Revenue Code of 1986, as
24 amended."

25 SECTION 2. A new section of the Tax Administration Act is

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1 enacted to read:

2 "[NEW MATERIAL] DISTRIBUTION--GROSS RECEIPTS TAX--
3 EDUCATIONAL RETIREMENT FUND.--A distribution pursuant to
4 Section 7-1-6.1 NMSA 1978 from the net receipts attributable to
5 the gross receipts tax distributable to the general fund shall
6 be made to the educational retirement fund in the following
7 amounts:

8 A. beginning July 1, 2021 and continuing through
9 June 30, 2022, an amount equivalent to seventeen hundredths
10 percent of the annual salaries of all members employed by all
11 local administrative units and participants in the alternative
12 retirement plan under the Educational Retirement Act as of June
13 30, 2021;

14 B. beginning July 1, 2022 and continuing through
15 June 30, 2023, four million one hundred sixty-seven thousand
16 dollars (\$4,167,000) plus an amount equivalent to one-fourth
17 percent of the salaries of all members employed by all local
18 administrative units and participants in the alternative
19 retirement plan under the Educational Retirement Act as of June
20 30, 2022;

21 C. beginning July 1, 2023 and thereafter until the
22 educational retirement fund reaches one hundred percent funded
23 status, as determined by the actuaries of the educational
24 retirement board, an amount equivalent to one-fourth percent of
25 the salaries of all members employed by all local

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1 administrative units and participants in the alternative
2 retirement plan under the Educational Retirement Act as of the
3 last day for the immediate prior fiscal year; and

4 D. as used in this section:

5 (1) "alternative retirement plan" means the
6 retirement plan provided for in Sections 22-11-47 through
7 22-11-52 NMSA 1978;

8 (2) "local administrative unit" means an
9 employing agency however constituted that is directly
10 responsible for the payment of compensation for the employment
11 of members or participants under the Educational Retirement
12 Act; and

13 (3) "member" means an employee, except for a
14 participant or a retired member, coming within the provisions
15 of the Educational Retirement Act."

16 SECTION 3. TRANSFER.--On July 1, 2020, fifty million
17 dollars (\$50,000,000) plus an amount equivalent to one percent
18 of the annual salaries of all members employed by a local
19 administrative unit and participants in the alternative
20 retirement plan under the Educational Retirement Act as of June
21 30, 2019 plus the salary increases to members and participants
22 in fiscal year 2020 in the General Appropriation Act of 2019
23 shall be transferred from the general fund to the educational
24 retirement fund.