

1 SENATE BILL 42

2 **55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021**

3 INTRODUCED BY

4 Mimi Stewart

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6  
7 FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE AND THE  
8 INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

9  
10 AN ACT

11 RELATING TO EDUCATIONAL RETIREMENT; INCREASING CERTAIN  
12 CONTRIBUTIONS TO THE EDUCATIONAL RETIREMENT FUND; REPEALING  
13 LAWS 2019, CHAPTER 237, SECTION 18 TO CORRECT A TECHNICAL  
14 STATUTORY CONFLICT.

15  
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 22-11-21 NMSA 1978 (being Laws 1967,  
18 Chapter 16, Section 144, as amended by Laws 2019, Chapter 237,  
19 Section 18 and by Laws 2019, Chapter 258, Section 1) is amended  
20 to read:

21 "22-11-21. CONTRIBUTIONS--MEMBERS--LOCAL ADMINISTRATIVE  
22 UNITS.--

23 A. Except as provided in Subsection D of this  
24 section, for a member whose annual salary is greater than  
25 twenty-four thousand dollars (\$24,000), the member shall make

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1 contributions to the fund at the rate of ten and seven-tenths  
2 percent of the member's annual salary.

3 B. For a member whose annual salary is twenty-four  
4 thousand dollars (\$24,000) or less, the member shall make  
5 contributions to the fund at the rate of seven and nine-tenths  
6 percent of the member's annual salary.

7 C. Except as provided in Subsection D of this  
8 section, each local administrative unit shall make an annual  
9 contribution to the fund [~~on and after July 1, 2019, at the~~  
10 ~~rate of fourteen and fifteen-hundredths percent of the annual~~  
11 ~~salary of each member employed by the local administrative~~  
12 ~~unit]~~ according to the following schedule:

13 (1) from July 1, 2021 through June 30, 2022,  
14 at the rate of fifteen and fifteen-hundredths percent of the  
15 annual salary of each member employed by the local  
16 administrative unit;

17 (2) from July 1, 2022 through June 30, 2023,  
18 at the rate of sixteen and fifteen-hundredths percent of the  
19 annual salary of each member employed by the local  
20 administrative unit;

21 (3) from July 1, 2023 through June 30, 2024,  
22 at the rate of seventeen and fifteen-hundredths percent of the  
23 annual salary of each member employed by the local  
24 administrative unit; and

25 (4) on and after July 1, 2024, at the rate of

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1 eighteen and fifteen-hundredths percent of the annual salary of  
2 each member employed by the local administrative unit.

3 D. If, in a calendar year, the salary of a member,  
4 initially employed by a local administrative unit on or after  
5 July 1, 1996, equals the annual compensation limit set pursuant  
6 to Section 401(a)(17) of the Internal Revenue Code of 1986, as  
7 amended, then:

8 (1) for the remainder of that calendar year,  
9 no additional member contributions or local administrative unit  
10 contributions for that member shall be made pursuant to this  
11 section; provided that no member shall be denied service credit  
12 solely because contributions are not made by the member or on  
13 behalf of the member pursuant to this subsection; and

14 (2) the amount of the annual compensation  
15 limit shall be divided into four equal portions, and, for  
16 purposes of attributing contributory employment and crediting  
17 service credit, each portion shall be attributable to one of  
18 the four quarters of the calendar year."

19 SECTION 2. Section 22-11-49 NMSA 1978 (being Laws 1991,  
20 Chapter 118, Section 7, as amended) is amended to read:

21 "22-11-49. ALTERNATIVE RETIREMENT PLAN--CONTRIBUTIONS.--

22 A. A participant shall contribute an amount equal  
23 to the percentage of the participant's salary that the  
24 participant would be required to contribute if the participant  
25 were, instead, a regular member. The contribution shall be

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1 made as provided by the board.

2 B. A qualifying state educational institution shall  
3 contribute on behalf of each participant an amount of the  
4 participant's salary equal to the contribution that would be  
5 required of the employer if the participant were, instead, a  
6 regular member. Of that contribution, a sum equal to [~~three~~  
7 ~~and one-fourth percent~~] the following percentage of the annual  
8 salary of each participant shall be paid to the fund, and the  
9 remainder of the contribution shall be paid to the alternative  
10 retirement plan as provided by the board [~~provided, however,~~  
11 ~~that~~]:

12 (1) from July 1, 2021 through June 30, 2022,  
13 four and one-fourth percent;

14 (2) from July 1, 2022 through June 30, 2023,  
15 five and one-fourth percent;

16 (3) from July 1, 2023 through June 30, 2024,  
17 six and one-fourth percent; and

18 (4) on and after July 1, 2024, seven and one-  
19 fourth percent; or

20 (5) if, on July 1 following any report by the  
21 actuary to the board that concludes that less than [~~three and~~  
22 ~~one-fourth percent~~] that percentage is required to satisfy the  
23 unfunded actuarial liability attributable to the participation  
24 of the participants in the alternative retirement plan, then  
25 the percentage the actuary determines is the minimum required

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1 to satisfy that liability.

2 C. Contributions required by this section may be  
3 made by a reduction in salary or by a public employer pick-up  
4 as provided in the Internal Revenue Code of 1986, as amended."

5 SECTION 3. REPEAL.--Laws 2019, Chapter 237, Section 18 is  
6 repealed.

7 SECTION 4. EFFECTIVE DATE.--The effective date of the  
8 provisions of this act is July 1, 2021.