

LFC Requester:

Scott Sanchez

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment
Correction Substitute

Date 23JAN2024

Bill No: HB 193

Sponsor: Art De La Cruz, Meredith A.
Dixon and Alan T. Martinez
Short Title: Law Enforcement Retention

Agency Name and Code 790 – Department of Public Safety
Number:
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
\$0.0	\$1,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
\$0.0	\$0.0	\$0.0		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$1,000.0	\$1,000.0	\$2,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: 2022 HB-68 and 2024 SB-13
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

HB 193 amends the Law Enforcement Retention Fund to allow retention differential disbursements to be made to certified law enforcement officers as an incentive to retain qualified and experienced law enforcement officers. It applies to full-time certified law enforcement officers who have been employed by one or more law enforcement agencies for the required years of service and full-time certified law enforcement officers with 20 or more years of service. The bill requires law enforcement agencies to comply with the Law Enforcement Training Act and to submit additional information to receive Retention Differential Disbursements. HB 193 makes a \$1 million (GF) appropriation to the Law Enforcement Protection Fund for use in FY 2025 and subsequent fiscal years for the annual cost difference to implement Retention Differential Disbursements. Effective July 1, 2024.

FISCAL IMPLICATIONS

In FY 2023 and FY 2024, DPS administered and distributed Years 1 and 2 of the Law Enforcement Retention Fund (LERF). In FY 2023, Year 1 participation showed that there were 194 officers with consecutive years-of-service ranging from 20 years to 46 years. As reflected in the original FY 2022 LERF bill, HB 68, these officers did not meet criteria for the retention fund. Through this proposed legislation, officers with 20 or more years of service will now be eligible. The annual average additional cost to the fund for this group is approximately \$640,000 which includes the five percent (5%) projected retention differential disbursement (PRDD) and each eligible agency’s employer tax liability for Federal Insurance Contribution Act (FICA) for Social Security and/or Medicare.

Similarly, in the original FY 2022 LERF bill, HB 68, officers who were not employed with “the same” law enforcement agency for continuous years of service at 4, 9, 14, and 19 years (lateral hires) also did not meet criteria for the retention fund. Through this proposed legislation, laterally hired officers will now be eligible. The annual average additional cost to the fund for this group is approximately \$455,000 which includes the five percent (5%) projected retention differential disbursement (PRDD) and each eligible agency’s employer tax liability for Federal Insurance Contribution Act (FICA) for Social Security and/or Medicare.

An additional factor that will increase the annual cost of the fund for FY 2025 and subsequent years is the annual number of new applicant law enforcement agencies as well as the number of new eligible officers who will qualify each year. Between FY 2023 and FY 2024, the increase in applicant agencies from Year 1 to Year 2 was 27.7% with an additional 13 agencies who applied.

If this application rate remains consistent, we anticipate an increased estimated annual range cost of between \$250,000 and \$400,00 a year depending on the number of eligible officers and agencies in any given year, coupled with differences in base salaries from year to year.

Funding for LERF is provided by any remaining balance that exists in the Law Enforcement Protection Fund (LEPF) which is non-reverting and is transferred after the fund makes all statutory disbursements. In past years, there have been repeated concerns regarding the funds diminished balance; however, this problem was remedied during the FY 2023 Legislative Session. For FY 2025 and subsequent years, it is roughly projected that this fund will top out at approximately \$4 million a year if the feed funding is sufficient, but that is not guaranteed. Starting with a projected annualized cost of \$2.5 million for currently eligible officers, the addition of the 20+ officers and the newly lateral officers, the \$1 million appropriation contained in this legislation will be sufficient.

SIGNIFICANT ISSUES

DPS strongly supports this legislation as it promotes law enforcement inclusivity and retention incentives for law enforcement officers throughout the State. More officers would be eligible for the retention stipends, hence increasing the number of law enforcement officers willing to stay and work in our state.

An identified issue regarding funding for LERF is that LEPF funding has been a continued source of concern for this fund. LERF's dependency on LEPF and other funds can be disconcerting at times, and, in the event the fund was to be depleted entirely, LERF could be perceived as a disincentive rather than an incentive in the law enforcement community. DPS is recommending the \$1 million general fund appropriation for this legislation, as this fund cannot continue to survive and grow without it.

PERFORMANCE IMPLICATIONS

None identified.

ADMINISTRATIVE IMPLICATIONS

DPS will continue to administratively oversee and distribute LERF funds for statewide law enforcement.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

2022 HB-68 and 2024 SB-13.

TECHNICAL ISSUES

A drafting error was identified in Section 1, (D)(2) that requires revision. Proposed legislation reads that an officer must remain employed at "a" law enforcement agency for an additional year, then the officer shall receive the retention differential disbursement. However, it should be amended to read that an officer must remain employed at "the same" law enforcement agency for an additional year. The intent behind the edit is to ensure that officers remain with their existing agency for a period of at least one year after their year of eligibility. Additionally, it is the responsibility of the existing law enforcement agency to distribute stipend funding for their officers.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

None identified.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo will remain with the same large number of officers who will be ineligible from receiving law enforcement retention stipends.

AMENDMENTS

None proposed at this time.