

|                       |                      |
|-----------------------|----------------------|
| <b>LFC Requester:</b> | <b>Simon, Joseph</b> |
|-----------------------|----------------------|

**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**AgencyAnalysis.nmlegis.gov**

*{Analysis must be uploaded as a PDF}*

**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** 1/18/24

**Bill No:** SB 11

**Sponsor:** Elizabeth "Liz" Stefanics  
Peter Wirth  
Roberto "Bobby" J. Gonzales  
**Short Title:** Magistrate Judge Retirement

**Agency Name and Code**    366 - PERA  
**Number:** \_\_\_\_\_  
**Person Writing**    Anna Williams  
**Phone:** 505-259-8489    **Email** annae.williams@pera.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

| Appropriation |      | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY24          | FY25 |                           |               |
|               |      |                           |               |
|               |      |                           |               |

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

| Estimated Revenue |      |      | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------|---------------|
| FY24              | FY25 | FY26 |                           |               |
|                   |      |      |                           |               |
|                   |      |      |                           |               |

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

|              | <b>FY24</b> | <b>FY25</b> | <b>FY26</b> | <b>3 Year<br/>Total Cost</b> | <b>Recurring or<br/>Nonrecurring</b> | <b>Fund<br/>Affected</b> |
|--------------|-------------|-------------|-------------|------------------------------|--------------------------------------|--------------------------|
| <b>Total</b> |             |             |             |                              |                                      |                          |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

Effective July 1, 2024, SB 11 amends the Magistrate Retirement Act [NMSA 1978 10-12C-1 et seq.] to increase the current pension maximum for magistrate members from 85% of their final average salary to 100% of their final average salary. The bill also increases the employer contributions from 15% to 21.5% and the employee contributions from 10.5% to 12.5%.

**FISCAL IMPLICATIONS**

Because SB 11 permits a member to earn beyond the current 85% maximum benefit, up to 100% of final average salary, it will allow for increased pension benefits. However, a member who increases their benefit under these new provisions will also work for a longer period of time, they will ultimately collect a pension for fewer years than if they had retired earlier. The increased contributions to the Magistrate Fund will provide significant funding to the system and improves the system's financial stability. This would also decrease the risk of variability in the valuation results due to the changes in the docket fees received by the Fund. PERA actuaries estimated that the amortization period would decrease from 53 years to 22 years.

SB 11 should not have an impact to PERA's operating budget.

**SIGNIFICANT ISSUES**

None

**PERFORMANCE IMPLICATIONS**

SB 11 will not affect PERA's performance measures.

**ADMINISTRATIVE IMPLICATIONS**

PERA will have to make system modifications to its pension administration system to ensure that credited service after an employee reaches the 85% benefit maximum now accounts for additional service up to the new 100%. PERA will also have to update validations in the pension

administration system for the new contribution rates.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None

## **TECHNICAL ISSUES**

To account for an inconsistency in existing language, PERA suggests a technical amendment to insert "credit" on page 8, line 2, after "service".

Additionally, PERA is unclear on the intent of whether increasing the benefit maximum to 100% should be applied retroactively or only to credited service performed after the effective date of the bill. In the prior legislative session, the increase to the benefit maximum was applied prospectively and if that is the intent, PERA suggests applicability language similar to House Bill 106 (2023) to ensure proper administration of the intended changes.

## **OTHER SUBSTANTIVE ISSUES**

None

## **ALTERNATIVES**

None

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Magistrate active members would continue to have contribution rates and service credit that were set in 2014 and will continue to be able to receive up to an 85% lifetime retirement benefit.

## **AMENDMENTS**

None