

LFC Requester:	Joseph Simon
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**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 1/29/24

Bill No: SB 128

Sponsor: Michael Padilla
Short State Fire Retirement
Title: _____

Agency Name and Code DHSEM-795
Number: _____
Person Writing Matthew Stackpole
Phone: 505-699-5807 **Email** Matthew.stackpole@dhsem.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
\$0	\$0	NA	NA

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
\$0	\$0	\$0	NA	NA

(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	Unknown	Unknown	Unknown	Unknown	Recurring	PERA

(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: Under current law, non-volunteer firefighters of the State of New Mexico are covered State General Member Coverage Plan 3, a pension plan for state employees that calculates the pension amount based on the final average salary and the service credit of the member. Under Coverage Plan 3, the pension for a member can amount to three percent of the final average salary multiplied by the service credit, with the total pension not exceeding ninety percent of the final average salary. *See* NMSA 1978, Sections 10-11-26.3 and 10-11-26.5.

SB 128 would define and move non-volunteer firefighters' eligibility from Coverage Plan 3, to the newly titled State Public Safety Member Coverage Plan 1, which specifically applies to certain public safety roles, including state police members, adult correctional officers, as well as adult and juvenile probation and parole officer members (Note: SB 128 would formally remove juvenile correctional office members from eligibility; a change already done through those members not electing to join the coverage plan after 2020). This plan provides a 20 percent service credit enhancement for certain members meeting specific criteria, which essentially boosts the pension benefits for those eligible. For example, credited service accrued after July 1, 2021, by adult probation and parole officers or juvenile probation and parole officers is increased by twenty percent for the purposes of this plan. Similarly, credited service accrued after July 1, 2025, by state fire members will be increased by twenty percent.

Additionally, the bill will rename the Public Employees Retirement Agency (PERA) Coverage Plan 1 from its current title, "State Police Member, Correctional Officer Member and Probation and Parole Officer Member", to "State Public Safety Member". This renaming is designed to encompass state fire members under Coverage Plan 1. Furthermore, SB 128 includes provisions for a vote regarding the implementation of the State Public Safety Member Coverage Plan 1.

FISCAL IMPLICATIONS

According to PERA, for the year ending June 30, 2023, the current State Police/Correction Officer Coverage Plan 1 has a funded ratio of 124.90%.

SIGNIFICANT ISSUES

The Department of Homeland Security and Emergency Management, in concert with the State Fire Marshal's Office, firmly supports Senate Bill 128 as an essential legislative step. SB 128 is foundational for ensuring equal retirement benefits for all public safety personnel, aligning the retirement provisions of fire service professionals with those of their counterparts. Moreover, this equity in pension plans is anticipated to significantly bolster the fire departments' ability to attract and maintain a skilled workforce throughout New Mexico. This bill helps address the disparities in retirement incentives and contributes to the stability and growth of the State's fire services.

PERFORMANCE IMPLICATIONS

Senate Bill 128 enhances the retirement framework for New Mexico's state fire members by incorporating them into Coverage Plan 1. This strategic integration offers a substantial 20 percent boost to service credits for those who qualify, potentially leading to a marked increase in their retirement benefits. Such unification not only streamlines retirement provisions for various public safety workers but also ensures uniformity and fairness across different branches of public service.

Crucially, SB 128 acknowledges the unique challenges and risks inherent to the vital roles of first responders by fortifying their retirement security — a move that underlines their value within the public safety ecosystem. The recognition of their hazardous duties is expected to boost morale and foster a greater sense of fairness among all public safety sectors.

Moreover, by enhancing the retirement package, SB 128 positions New Mexico as an attractive option for skilled professionals in fire services. In an era where such expertise is in high demand, these changes can be a decisive factor in both recruitment and retention, addressing the critical need for more fire service personnel in the state.

ADMINISTRATIVE IMPLICATIONS

Please see above.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

No technical issues.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Not enacting Senate Bill 128 maintains the status quo, where disparities in retirement benefits persists between state fire members and other public safety workers. In so doing, State fire members will continue to receive less favorable retirement benefits compared to their public safety counterparts. The lack of parity not only has negative impacts on morale but makes it

more challenging to recruit and retain skilled fire service professionals. Most importantly, without the enhancements proposed in SB 128, state fire members face ongoing financial uncertainty regarding their long-term retirement security.

From the perspective of the Fire Marshal's Office, SB 128's enactment goes a long way towards rectifying these issues by leveling the playing field, enhancing the value proposition for current and prospective fire service members, and ultimately strengthening the state's emergency response infrastructure.

AMENDMENTS