

LFC Requester:

Simon, Joseph

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://agencyanalysis.nmlegis.gov) and email to billanalysis@dfa.nm.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}***Date Prepared:** 1/16/26*Check all that apply:***Bill Number:** HB 41Original ☒ Correction ☐Amendment ☐ Substitute ☐**Sponsor:** Representative Borrego**Agency Name
and Code****Number:** 366-PERA**Short
Title:** TEMPORARY PERA
MEMBER PAYMENT**Person writing****Analysis:** Anna Williams**Phone:** 505-259-8489 **Email** anna.williams@pera.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
		\$70,000.00	

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(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, 2026, HB 41 will amend section 10-11-118 NMSA 1978 concerning cost-of-living adjustments for certain PERA retirees as follows:

- Qualified pension recipients shall receive an annual, non-compounding, additional payment;
- The additional payment shall be determined by multiplying the amount of annual pension payments, inclusive of all cost-of-living adjustments prior to that fiscal year, by two percent; and,
- The non-compounding annual additional payment will be for the fiscal years 2027 and 2028.

The payments provided by HB 41 will be in addition to the compounding cost-of-living adjustments provided by existing law.

FISCAL IMPLICATIONS

Article 20, Section 22 of the New Mexico Constitution prohibits the Legislature from enacting any law that increases the benefits paid by PERA unless adequate funding is provided. That section provides the PERA Board the sole and exclusive authority to adopt actuarial assumptions, based on recommendations from an independent actuary.

PERA actuaries have estimated the total cost of HB 41 as \$70,000,000.

Based on actuarial estimates, the appropriation would be sufficient to fund the legislation while not increasing the current unfunded liability.

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

HB 41 will not affect PERA's performance measures.

ADMINISTRATIVE IMPLICATIONS

HB 41 will require PERA to make system modifications to its pension administration system to ensure that all qualified pension recipients receive an annual, non-compounding, additional payment for FY27 and FY28.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

PERA members will continue to receive the annual compounding cost-of-living adjustments provided by existing law.

AMENDMENTS

None.