

LFC Requester:	Simon
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AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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: 1/25/26 *Check all that apply:*
Bill Number: SB52 Original Correction
 Amendment Substitute

Sponsor: Padilla/Wirth **Agency Name and Code:** Municipal League (ML)
Short Title: PERA Cost-Of-Living-Adjustments **Number:** _____
Person Writing: Jacob Rowberry
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

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:

Senate Bill 52 changes the current PERA cost-of-living adjustment (COLA) structure to provide an annual COLA equal to the social security and supplemental security income COLA determined by the Federal Social Security Administration. SB52 contains a \$50 million appropriation.

FISCAL IMPLICATIONS

Based on analysis by PERA, the proposed COLA change would increase the unfunded liability by more than \$2 billion (from analysis of a similar 2025 bill). PERA is awaiting analysis by actuaries for the estimated impact of SB52. An increased unfunded liability in the fund could potentially force future increases to contribution amounts by employees and employers. In the case of municipalities, this could increase municipal expenditures, straining overall municipal finances.

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

The proposed COLA adjustments based on the social security and supplemental security income COLA is a departure from the agreed upon framework and actuarial soundness put into statute with SB72 during the 2020 legislative session. The current COLA adjustment system is tied to PERA's funded ratio and investment rate of return, which places the fund on a path towards long-term solvency. Federal social security COLA adjustments have been between 2.5% and 3.2% the last three years, and the 2023 federal COLA adjustment was 8.7%. An analysis by PERA's actuaries for a similar bill during the 2025 legislative session, which used a 2.5% assumed COLA increase, estimated the COLA increase would increase the unfunded liability by \$2.7 billion.

Based on PERA's analysis, SB72 violates Article XX, Section 22 of the New Mexico Constitution which states "the legislature shall not enact any law that increases the benefits paid by the system in any manner or changes the funding formula for a retirement plan unless adequate funding is provided."

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS