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HOUSE BILL 148

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

JOHN A. HEATON

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

**RELATING TO EDUCATIONAL RETIREMENT; INCREASING THE
CONTRIBUTIONS MADE BY THE LOCAL ADMINISTRATIVE UNITS; RAISING
THE AMOUNT OF RETIREMENT BENEFITS FOR CERTAIN MEMBERS;
CHANGING THE ADJUSTMENT FACTOR USED TO ADJUST THE ANNUITY;
MAKING AN APPROPRIATION.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**Section 1. Section 22-11-21 NMSA 1978 (being Laws 1967,
Chapter 16, Section 144, as amended) is amended to read:**

**"22-11-21. CONTRIBUTIONS- - MEMBERS- - LOCAL ADMINISTRATIVE
UNITS. - -**

**A. Each member shall make contributions to the
fund in the amount of seven and six-tenths percent of his
annual salary.**

B. Until June 30, 1993, each local administrative

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1 unit shall make a yearly contribution to the fund of a sum
2 equal to seven and six-tenths percent of the annual salary of
3 each member employed by the local administrative unit.

4 C. ~~[Beginning July 1, 1993 and thereafter]~~ From
5 July 1, 1993 through June 30, 1998, each local administrative
6 unit shall make a yearly contribution to the fund of a sum
7 equal to eight and sixty-five hundredths percent of the annual
8 salary of each member employed by the local administrative
9 unit.

10 D. Beginning July 1, 1998, each local
11 administrative unit shall make a yearly contribution to the
12 fund of a sum equal to nine and seventy-five hundredths
13 percent of the annual salary of each member employed by the
14 local administrative unit. "

15 Section 2. Section 22-11-30 NMSA 1978 (being Laws 1967,
16 Chapter 16, Section 153, as amended) is amended to read:

17 "22-11-30. RETIREMENT BENEFITS. --

18 A. Retirement benefits for a member retired
19 pursuant to the Educational Retirement Act on or before June
20 30, 1967 shall be paid monthly and shall be one-twelfth of a
21 sum equal to one and one-half percent of the first four
22 thousand dollars (\$4,000) of the member's average annual
23 salary and one percent of the remainder of the member's
24 average annual salary multiplied by the number of years of the
25 member's total service credit.

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1 B. Retirement benefits for a member retired
2 pursuant to the Educational Retirement Act on or after July 1,
3 1967 but on or before June 30, 1971 shall be paid monthly and
4 shall be one-twelfth of a sum equal to one and one-half
5 percent of the first six thousand six hundred dollars (\$6,600)
6 of the member's average annual salary and one percent of the
7 remainder of the member's average annual salary multiplied by
8 the number of years of the member's total service credit.

9 C. Retirement benefits for a member retired
10 pursuant to the Educational Retirement Act on or after July 1,
11 1971 but on or before June 30, 1974 shall be paid monthly and
12 shall be one-twelfth of a sum equal to one and one-half
13 percent of the member's average annual salary multiplied by
14 the number of years of the member's total service credit.

15 D. Retirement benefits for a member retired
16 pursuant to the Educational Retirement Act on or before June
17 30, 1974 but returning to employment on or after July 1, 1974
18 for a cumulation of one or more years shall be computed
19 pursuant to Subsection E of this section. Retirement benefits
20 for a member retired pursuant to the Educational Retirement
21 Act on or before June 30, 1974 but returning to employment on
22 or after July 1, 1974 for a cumulation of less than one year
23 shall be computed pursuant to Subsection A of this section if
24 his date of last retirement was on or before June 30, 1967 or
25 pursuant to Subsection B of this section if his date of last

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1 retirement was on or after July 1, 1967 but not later than
2 June 30, 1971 or pursuant to Subsection C of this section if
3 his date of last retirement was on or after July 1, 1971 but
4 not later than June 30, 1974.

5 E. Retirement benefits for a member age sixty or
6 over, retired pursuant to the Educational Retirement Act on or
7 after July 1, 1974 but not later than June 30, 1987, shall be
8 paid monthly and shall be one-twelfth of a sum equal to:

9 (1) one and one-half percent of the member's
10 average annual salary multiplied by the number of years of
11 service credit for:

- 12 (a) prior employment; and
- 13 (b) allowed service credit for service
14 performed prior to July 1, 1957, except United States military
15 service credit purchased pursuant to Paragraph (3) of
16 Subsection A of Section 22-11-34 NMSA 1978; plus

17 (2) two percent of the member's average
18 annual salary multiplied by the number of years of service
19 credit for:

- 20 (a) contributory employment;
- 21 (b) allowed service credit for service
22 performed after July 1, 1957; and
- 23 (c) United States military service
24 credit for service performed prior to July 1, 1957 and
25 purchased pursuant to Paragraph (3) of Subsection A of Section

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1 22-11-34 NMSA 1978.

2 F. Retirement benefits for a member age sixty or
3 over, retired pursuant to the Educational Retirement Act on or
4 after July 1, 1987 but not later than June 30, 1991, shall be
5 paid monthly and shall be one-twelfth of a sum equal to two
6 and fifteen hundredths percent of the member's average annual
7 salary multiplied by the number of years of the member's total
8 service credit; provided that this subsection shall not apply
9 to any member who was retired in any of the four quarters
10 ending on June 30, 1987 without having accumulated not less
11 than 1.0 years earned service after June 30, 1987.

12 G. Retirement benefits for a member age sixty or
13 over, retired pursuant to the Educational Retirement Act on or
14 after July 1, 1991 but not later than June 30, 1998, shall be
15 paid monthly and shall be one-twelfth of a sum equal to two
16 and thirty-five hundredths percent of the member's average
17 annual salary multiplied by the number of years of the
18 member's total service credit; provided that this subsection
19 shall not apply to any member who was retired in any of the
20 four consecutive quarters ending on June 30, 1991 without
21 having accumulated at least one year earned service beginning
22 on or after July 1, 1991.

23 H. Retirement benefits for a member age sixty or
24 over, retired pursuant to the Educational Retirement Act on or
25 after July 1, 1998, shall be paid monthly and shall be one-

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1 twelfth of a sum equal to two and four hundred twenty-five
2 thousandths percent of the member's average annual salary
3 multiplied by the number of years of the member's total
4 service credit; provided that this subsection shall not apply
5 to any member who was retired in any of the four consecutive
6 quarters ending on June 30, 1998 without having accumulated at
7 least one year earned service beginning on or after July 1,
8 1998.

9 [H-] I. A member's average annual salary, pursuant
10 to this section, shall be computed on the basis of the last
11 five years for which contribution was made or upon the basis
12 of any consecutive five years for which contribution was made
13 by the member, whichever is higher. Members shall begin
14 receiving retirement benefits by age seventy and six months,
15 or upon termination of employment, whichever occurs later."

16 Section 3. Section 22-11-31 NMSA 1978 (being Laws 1979,
17 Chapter 333, Section 2, as amended) is amended to read:

18 "22-11-31. COST OF LIVING ADJUSTMENT--ADDITIONAL
19 CONTRIBUTIONS.--

20 A. For the purposes of this section:
21 (1) "adjustment factor" means a
22 multiplicative factor computed to provide an annuity
23 adjustment pursuant to the provisions of Subsection B of this
24 section;

25 (2) "annuity" means any benefit payable under

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1 the Educational Retirement Act or the Retirement Reciprocity
2 Act as a retirement benefit, disability benefit or survivor
3 benefit;

4 (3) "calendar year" means the full twelve
5 months beginning January 1 and ending December 31;

6 (4) "consumer price index" means the average
7 of the monthly consumer price indexes for a calendar year for
8 the entire United States for all items as published by the
9 United States department of labor;

10 (5) "next preceding calendar year" means the
11 full calendar year immediately prior to the preceding calendar
12 year; and

13 (6) "preceding calendar year" means the full
14 calendar year preceding the July 1 on which a benefit is to be
15 adjusted.

16 B. On or after July 1, 1984, each annuity shall be
17 adjusted annually and cumulatively commencing on July 1 of the
18 year in which a member attains the age of sixty-five or on
19 July 1 following the year a member retires, whichever is
20 later. The annuity shall be adjusted by applying an
21 adjustment factor that results in either an adjustment equal
22 to one-half of the percentage increase or decrease of the
23 consumer price index between the next preceding calendar year
24 and the preceding calendar year, except that the adjustment
25 shall not exceed four percent, in absolute value, nor be less

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1 than two percent, in absolute value. In the event that the
2 percentage increase or decrease of the consumer price index is
3 less than two percent, in absolute value, the adjustment
4 factor shall be the same as the percentage increase or
5 decrease of the consumer price index. No negative adjustment
6 in the retirement benefit shall reduce the member's benefit
7 below that which he received upon the date of his retirement.

8 C. A retired member whose benefit is subject to
9 adjustment under the provisions of the Educational Retirement
10 Act in effect prior to July 1, 1984 shall have his annuity
11 readjusted annually and cumulatively under the provisions of
12 that act in effect prior to July 1, 1984 until July 1 of the
13 year in which he attains the age of sixty-five, when he shall
14 have his annuity readjusted annually and cumulatively under
15 the provisions of this section. A member who retires after
16 attaining the age of sixty-five shall have his annuity
17 adjusted annually and cumulatively commencing on July 1 of the
18 year following his retirement.

19 D. A retired member who returns to work shall be
20 subject to the provisions of this section as they exist at the
21 time of his final retirement.

22 E. Benefits of a member who is on a disability
23 status in accordance with Section 22-11-35 NMSA 1978 or a
24 member [whom] who the board certifies was disabled at regular
25 retirement shall be adjusted in accordance with Subsections B

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1 and C of this section, except that the benefits shall be
2 adjusted annually and cumulatively commencing on July 1 of the
3 third full year following the year in which the member was
4 approved by the board for disability or retirement.

5 F. The board shall adjust the benefits of each
6 person receiving an annuity as of June 30, [1991] 1998. The
7 adjustment shall be made on July 1, [1991] 1998 on the basis
8 of an increase of two dollars (\$2.00) per month for each year
9 since the member's last retirement plus an increase of one
10 dollar (\$1.00) per month for each year of credited service at
11 the time of retirement. "

12 Section 4. APPROPRIATION. --

13 A. Fourteen million five hundred seventeen
14 thousand dollars (\$14,517,000) is appropriated from the
15 general fund to the educational retirement fund for
16 expenditure in fiscal year 1999 for the purpose of funding the
17 retirement benefits increase and the cost-of-living adjustment
18 for retirees as follows:

19 (1) to the boards of regents of the
20 following:

21 (a) university of New Mexico, one
22 million five hundred fifty-seven thousand dollars
23 (\$1,557,000);

24 (b) New Mexico state university, eight
25 hundred fifty-five thousand dollars (\$855,000);

- 1 (c) New Mexico highlands university,
2 one hundred twenty-five thousand dollars (\$125,000);
- 3 (d) western New Mexico university,
4 eighty-two thousand dollars (\$82,000);
- 5 (e) eastern New Mexico university, one
6 hundred fifty-three thousand dollars (\$153,000);
- 7 (f) New Mexico institute of mining and
8 technology, one hundred forty-one thousand dollars (\$141,000);
- 9 (g) university of New Mexico, Gallup,
10 forty-nine thousand dollars (\$49,000);
- 11 (h) university of New Mexico, Los
12 Alamos, eleven thousand dollars (\$11,000);
- 13 (i) university of New Mexico, Valencia,
14 twenty-three thousand dollars (\$23,000);
- 15 (j) New Mexico state university,
16 Alamogordo, thirty-two thousand dollars (\$32,000);
- 17 (k) New Mexico state university,
18 Carlsbad, eighteen thousand dollars (\$18,000);
- 19 (l) New Mexico state university, Dona
20 Ana, fifty-nine thousand dollars (\$59,000);
- 21 (m) New Mexico state university,
22 Grants, eleven thousand dollars (\$11,000);
- 23 (n) eastern New Mexico university,
24 Roswell, fifty-one thousand dollars (\$51,000);
- 25 (o) northern New Mexico state school,

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1 thirty-six thousand dollars (\$36,000);

2 (p) New Mexico military institute,
3 eighty-one thousand dollars (\$81,000); and

4 (q) New Mexico school for the deaf,
5 fifty thousand dollars (\$50,000);

6 (2) to the community college board of Santa
7 Fe community college, fifty-four thousand dollars (\$54,000);

8 (3) to the governing boards of:

9 (a) Albuquerque technical-vocational
10 institute, two hundred forty-six thousand dollars (\$246,000);

11 (b) Luna vocational-technical institute,
12 twenty-four thousand dollars (\$24,000);

13 (c) Mesa technical college, nine
14 thousand dollars (\$9,000);

15 (d) New Mexico junior college, fifty
16 thousand dollars (\$50,000);

17 (e) San Juan college, seventy-six
18 thousand dollars (\$76,000); and

19 (f) Clovis community college, fifty-one
20 thousand dollars (\$51,000);

21 (4) to the state department of public
22 education for:

23 (a) public school support, ten million
24 five hundred thirty thousand dollars (\$10,530,000);

25 (b) its employees, forty-two thousand

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1 dollars (42,000); and
2 (c) the vocational rehabilitation
3 division, seven thousand dollars (\$7,000);
4 (5) to the educational retirement board, two
5 thousand dollars (\$2,000);
6 (6) to the corrections department, thirty-
7 seven thousand dollars (\$37,000);
8 (7) to the department of health, twenty-two
9 thousand dollars (\$22,000);
10 (8) to the children, youth and families
11 department, twenty-five thousand dollars (\$25,000); and
12 (9) to the commission for the blind, eight
13 thousand dollars (\$8,000).

14 B. Any unexpended or unencumbered balance
15 remaining at the end of fiscal year 1999 shall revert to the
16 general fund.

1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
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6 February 2, 1998
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8 Mr. Speaker:
9

10 Your EDUCATION COMMITTEE, to whom has been referred
11

12 HOUSE BILL 148
13

14 has had it under consideration and reports same with
15 recommendation that it DO PASS, and thence referred to the
16 APPROPRIATIONS AND FINANCE COMMITTEE.

17 Respectfully submitted,
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21 _____
22 Rick Miera, Chairman
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1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998

3 HEC/HB 148

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4 Adopted _____ Not Adopted _____

5
6 (Chief Clerk)

(Chief Clerk)

7
8 Date _____

9
10 The roll call vote was 7 For 0 Against

11 Yes: 7

12 Excused: Garnenez, Mallory, Nicely, Vigil, Weeks, W. C. Williams

13 Absent: None

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1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
3

4 February 17, 1998
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7 Mr. Speaker:
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9 Your APPROPRIATIONS AND FINANCE COMMITTEE, to
10 whom has been referred

11 HOUSE BILL 148
12

13 has had it under consideration and reports same with
14 recommendation that it DO PASS, amended as follows:
15

- 16 1. On page 1, line 14, strike the semicolon.
- 17 2. On page 1, line 15, strike "MAKING AN APPROPRIATION".
- 18 3. On page 2, line 12, strike "and seventy-five hundredths".
- 19 4. On page 5, line 14, strike "but not later than June 30,
20 21 1998".
- 22 5. On pages 5 and 6, strike Subsection H in its entirety.
- 23 6. On pages 9 through 12, strike Section 4 in its entirety.

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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

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Respectfully submitted,

Max Coll, Chairman

Adopted _____
(Chief Clerk)

Not Adopted _____
(Chief Clerk)

Date _____

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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

3 HB148

Page 17

4 The roll call vote was 18 For 0 Against

5 Yes: 18

6 Excused: None

7 Absent: None

10 123520.1

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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1 HB148

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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

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February 19, 1998

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Mr. President:

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Your FINANCE COMMITTEE, to whom has been referred

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12

HOUSE BILL 148, as amended

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14

has had it under consideration and reports same with
recommendation that it DO PASS.

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Respectfully submitted,

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Ben D. Altamirano, Chairman

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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1 HB148

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Adopted _____ Not Adopted _____

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(Chief Clerk)

(Chief Clerk)

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Date _____

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9

The roll call vote was 6 For 0 Against

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Yes: 6

11

No: None

12

Excused: Carraro, Eisenstadt, Ingle, Lyons, McKibben

13

Absent: None

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