BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO RETIREE HEALTH CARE; AMENDING THE RETIREE HEALTH CARE ACT BY INCREASING THE EMPLOYER AND EMPLOYEE CONTRIBUTION RATES PAID TO THE RETIREE HEALTH CARE FUND.

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

SECTION 1. Section 10-7C-15 NMSA 1978 (being Laws 1990, Chapter 6, Section 15, as amended by Laws 2009, Chapter 287, Section 2 and by Laws 2009, Chapter 288, Section 3) is amended to read:

"10-7C-15. RETIREE HEALTH CARE FUND CONTRIBUTIONS.--

A. Following completion of the preliminary contribution period, each participating employer shall make contributions to the fund pursuant to the following provisions:

(1) for participating employees who are not members of an enhanced retirement plan, the employer's

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contribution shall equal:

(a) one and three-tenths percent of each participating employee's salary for the period from July 1, 2002 through June 30, 2010;

(b) one and six hundred sixty-six thousandths percent of each participating employee's salary for the period from July 1, 2010 through June 30, 2011;

(c) one and eight hundred thirty-four thousandths percent of each participating employee's salary for the period from July 1, 2011 through June 30, 2012; [~~and~~]

(d) two percent of each participating employee's salary [~~beginning~~] from July 1, 2012 through June 30, 2016;

(e) two and twenty-five hundredths percent of each participating employee's salary from July 1, 2016 through June 30, 2017;

(f) two and one-half percent of each participating employee's salary from July 1, 2017 through June 30, 2018; and

(g) two and seventy-five hundredths percent of each participating employee's salary on and after July 1, 2018;

(2) for participating employees who are members of an enhanced retirement plan, the employer's contribution shall equal:

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(a) one and three-tenths percent of each participating employee's salary for the period from July 1, 2002 through June 30, 2010;

(b) two and eighty-four thousandths percent of each participating employee's salary for the period from July 1, 2010 through June 30, 2011;

(c) two and two hundred ninety-two thousandths percent of each participating employee's salary for the period from July 1, 2011 through June 30, 2012; [~~and~~]

(d) two and one-half percent of each participating employee's salary [~~beginning July 1, 2012; and~~] from July 1, 2012 through June 30, 2016;

(e) two and eight hundred thirteen thousandths percent of each participating employee's salary from July 1, 2016 through June 30, 2017;

(f) three and one hundred twenty-five thousandths percent of each participating employee's salary from July 1, 2017 through June 30, 2018; and

(g) three and four hundred thirty-eight thousandths percent of each participating employee's salary on and after July 1, 2018; and

(3) each employer that chooses to become a participating employer after January 1, 1998 shall make contributions to the fund in the amount determined to be appropriate by the board.

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B. Following completion of the preliminary contribution period, each participating employee, as a condition of employment, shall contribute to the fund pursuant to the following provisions:

(1) for a participating employee who is not a member of an enhanced retirement plan, the employee's contribution shall equal:

(a) sixty-five hundredths of one percent of the employee's salary for the period from July 1, 2002 through June 30, 2010;

(b) eight hundred thirty-three thousandths of one percent of the employee's salary for the period from July 1, 2010 through June 30, 2011;

(c) nine hundred seventeen thousandths of one percent of the employee's salary for the period from July 1, 2011 through June 30, 2012; [~~and~~]

(d) one percent of the employee's salary [~~beginning~~] from July 1, 2012 through June 30, 2016;

(e) one and one hundred twenty-five thousandths percent of the employee's salary from July 1, 2016 through June 30, 2017;

(f) one and two hundred fifty thousandths percent of the employee's salary from July 1, 2017 through June 30, 2018; and

(g) one and three hundred seventy-five

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thousandths percent of the employee's salary on and after July 1, 2018;

(2) for a participating employee who is a member of an enhanced retirement plan, the employee's contribution shall equal:

(a) sixty-five hundredths of one percent of the employee's salary for the period from July 1, 2002 through June 30, 2010;

(b) one and forty-two thousandths percent of the employee's salary for the period from July 1, 2010 through June 30, 2011;

(c) one and one hundred forty-six thousandths percent of the employee's salary from July 1, 2011 through June 30, 2012; [~~and~~]

(d) one and one-fourth percent of the employee's salary [~~beginning July 1, 2012; and~~] from July 1, 2012 through June 30, 2016;

(e) one and four hundred six thousandths percent of the employee's salary from July 1, 2016 through June 30, 2017;

(f) one and five hundred sixty-three thousandths percent of the employee's salary from July 1, 2017 through June 30, 2018; and

(g) one and seven hundred nineteen thousandths percent of the employee's salary on and after July

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1, 2018; and

(3) as a condition of employment, each participating employee of an employer that chooses to become a participating employer after January 1, 1998 shall contribute to the fund an amount that is determined to be appropriate by the board. Each month, participating employers shall deduct the contribution from the participating employee's salary and shall remit it to the board as provided by any procedures that the board may require.

C. On or after July 1, 2009, no person who has obtained service credit pursuant to Subsection B of Section 10-11-6 NMSA 1978, Section 10-11-7 NMSA 1978 or Paragraph (3) or (4) of Subsection A of Section 22-11-34 NMSA 1978 may enroll with the authority unless the person makes a contribution to the fund equal to the full actuarial present value of the amount of the increase in the person's health care benefit, as determined by the authority.

D. Except for contributions made pursuant to Subsection C of this section, a participating employer that fails to remit before the tenth day after the last day of the month all employer and employee deposits required by the Retiree Health Care Act to be remitted by the employer for the month shall pay to the fund, in addition to the deposits, interest on the unpaid amounts at the rate of six percent per year compounded monthly.

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E. Except for contributions made pursuant to Subsection C of this section, the employer and employee contributions shall be paid in monthly installments based on the percent of payroll certified by the employer.

F. Except in the case of erroneously made contributions or as may be otherwise provided in Subsection D of Section 10-7C-9 NMSA 1978, contributions from participating employers and participating employees shall become the property of the fund on receipt by the board and shall not be refunded under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act.

G. Notwithstanding any other provision in the Retiree Health Care Act and at the first session of the legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

H. As used in this section, "member of an enhanced retirement plan" means:

(1) a member of the public employees retirement association who, pursuant to the Public Employees Retirement Act, is included in:

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correctional officer member coverage plan 1;

(b) municipal police member coverage plan 3, 4 or 5;

(c) municipal fire member coverage plan 3, 4 or 5; or

(d) municipal detention officer member coverage plan 1; or

(2) a member pursuant to the provisions of the Judicial Retirement Act."

SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2015.

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