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## FISCAL IMPACT REPORT

SPONSOR: Lyons DATE TYPED: 02/18/01 HB \_\_\_\_\_  
 SHORT TITLE: Amend Volunteer Firefighters Retirement Act SB 629  
 ANALYST: Eaton

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		Negative See Narrative	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Conflicts with House Bill 51 which amends the same provision.

### SOURCES OF INFORMATION

Public Employees Retirement Association (PERA)

### SUMMARY

#### Synopsis of Bill

This bill expands the number of persons who can receive a benefit under the Volunteer Firefighters Retirement Act by raising the existing age limit for volunteer firefighter members from forty-five years to fifty-five years. Current law excludes from membership those volunteers whose first year of service credit was accumulated later than the year in which they attained the age of forty-five.

#### Significant Issues

The Public Employees Retirement Association (PERA) indicate that this bill violates Article XX, Section 22 of the New Mexico Constitution because it increases the number of persons who can receive a benefit under the Volunteer Firefighters Retirement Act without providing funding for the additional persons eligible to receive the retirement benefit.

Currently, there are over 12,000 volunteer firefighters around New Mexico. The volunteer firefighters retirement plan passed by the Legislature in 1983 is unlike most other PERA coverage plans in that it is not funded based upon contributions from salary. The benefits are funded by the Legislature from the Fire Protection Fund.

Currently, the retirement plan receives annual transfers of \$750,000 from the Fire Protection Fund. Increases of funding from this source would have a general fund impact because balances in the Fire

Protection Fund remaining at the end of the fiscal year revert to the general fund. Under current law, the reversion amount is estimated to be \$18 million in FY01 and \$20 million in FY02.

**FISCAL IMPLICATIONS**

PERA's actuaries have advised that \$3,385,000 per year is currently needed to bring the fund back into a position in which it can reasonably pay for its existing liabilities in the future. The new liabilities proposed in this bill would require an even greater annual contribution to the fund in order to keep it actuarially sound. PERA has not indicated what that additional funding level might be.

JBE/sb/njw