

SENATE FLOOR SUBSTITUTE FOR
SENATE BILL 29

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2011

AN ACT

RELATING TO UNEMPLOYMENT COMPENSATION; REQUIRING UNEMPLOYMENT
CONTRIBUTIONS TO REMAIN AT THE CONTRIBUTION SCHEDULE 1 RATE
THROUGH CALENDAR YEAR 2013; PROVIDING PER DIEM AND MILEAGE FOR
STATE UNEMPLOYMENT COMPENSATION ADVISORY COUNCIL MEMBERS;
DIRECTING THE STATE UNEMPLOYMENT COMPENSATION ADVISORY COUNCIL
TO MAKE RECOMMENDATIONS TO THE LEGISLATURE; MAKING AN
APPROPRIATION; DECLARING AN EMERGENCY.

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

SECTION 1. Section 51-1-11 NMSA 1978 (being Laws 2003,
Chapter 47, Section 11, as amended) is amended to read:

"51-1-11. FUTURE RATES BASED ON BENEFIT EXPERIENCE.--

A. The division shall maintain a separate account
for each contributing employer and shall credit the
contributing employer's account with all contributions paid by

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1 that employer under the Unemployment Compensation Law. Nothing
2 in the Unemployment Compensation Law shall be construed to
3 grant an employer or individuals in the employer's service
4 prior claims or rights to the amounts paid by the employer into
5 the fund.

6 B. Benefits paid to an individual shall be charged
7 against the accounts of the individual's base-period employers
8 on a pro rata basis according to the proportion of the
9 individual's total base-period wages received from each
10 employer, except that no benefits paid to a claimant as
11 extended benefits under the provisions of Section 51-1-48 NMSA
12 1978 shall be charged to the account of any base-period
13 employer who is not on a reimbursable basis and who is not a
14 governmental entity and, except as the secretary shall by rule
15 prescribe otherwise, in the case of benefits paid to an
16 individual who:

17 (1) left the employ of a base-period employer
18 who is not on a reimbursable basis voluntarily without good
19 cause in connection with the individual's employment;

20 (2) was discharged from the employment of a
21 base-period employer who is not on a reimbursable basis for
22 misconduct connected with the individual's employment;

23 (3) is employed part time by a base-period
24 employer who is not on a reimbursable basis and who continues
25 to furnish the individual the same part-time work while the

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1 individual is separated from full-time work for a
2 nondisqualifying reason; or

3 (4) received benefits based upon wages earned
4 from a base-period employer who is not on a reimbursable basis
5 while attending approved training under the provisions of
6 Subsection E of Section 51-1-5 NMSA 1978.

7 C. The division shall not charge a contributing or
8 reimbursing base-period employer's account with any portion of
9 benefit amounts that the division can bill to or recover from
10 the federal government as either regular or extended benefits.

11 D. The division shall not charge a contributing
12 base-period employer's account with any portion of benefits
13 paid to an individual for dependent allowance or because the
14 individual to whom benefits are paid:

15 (1) separated from employment due to domestic
16 abuse, as "domestic abuse" is defined in Section 40-13-2 NMSA
17 1978; or

18 (2) voluntarily left work to relocate because
19 of a spouse who is in the military service of the United States
20 or the New Mexico national guard, receiving permanent change of
21 station orders, activation orders or unit deployment orders.

22 E. All contributions to the fund shall be pooled
23 and available to pay benefits to any individual entitled
24 thereto, irrespective of the source of the contributions.

25 F. For each calendar year, if, as of the

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1 computation date for that year, an employer's account has been
2 chargeable with benefits throughout the preceding thirty-six
3 months, the secretary shall classify the employer in accordance
4 with its actual experience of benefits charged against its
5 accounts. For such an employer, the contribution rate shall be
6 determined pursuant to Subsection I of this section on the
7 basis of the employer's record and the condition of the fund as
8 of the computation date for the calendar year. If, as of the
9 computation date for a calendar year, an employer's account has
10 not been chargeable with benefits throughout the preceding
11 thirty-six months, the contribution rate for that employer for
12 the calendar year shall be two percent, except that:

13 (1) an individual, type of organization or
14 employing unit that acquires all or part of the trade or
15 business of another employing unit, pursuant to Paragraphs (2)
16 and (3) of Subsection E of Section 51-1-42 NMSA 1978, that has
17 a rate of contribution less than two percent shall be entitled
18 to the transfer of the reduced rate to the extent permitted
19 under Subsection H of this section;

20 (2) an employer that, at the time of
21 establishing an account, is in business in another state or
22 states and that is not currently doing business in New Mexico
23 may elect, pursuant to Paragraph (3) of this subsection, to
24 receive a beginning contribution rate of two percent or a
25 contribution rate based on the current contribution rate

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1 schedule in Paragraph (4) of Subsection I of this section,
2 whichever is lower, if:

3 (a) the employer has been in operation
4 in the other state or states for at least three years
5 immediately preceding the date of becoming a liable employer in
6 New Mexico, throughout which an individual in the employer's
7 employ could have received benefits if eligible; and

8 (b) the employer provides the
9 authenticated account history as defined by rule of the
10 secretary from information accumulated from operations in the
11 other state or all the other states to compute a current New
12 Mexico rate; and

13 (3) the election authorized in Paragraph (2)
14 of this subsection shall be made in writing within thirty days
15 after receiving notice of New Mexico liability and, if not made
16 timely, a two percent rate will be assigned; if the election is
17 made timely, the employer's account will receive the lesser of
18 the computed rate determined by the condition of the account
19 for the computation date immediately preceding the New Mexico
20 liable date, or two percent; rates for subsequent years will be
21 determined by the condition of the account for the computation
22 date.

23 G. An employer may make voluntary payments in
24 addition to the contributions required under the Unemployment
25 Compensation Law, which shall be credited to the employer's

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1 account in accordance with department rule. The voluntary
2 payments shall be included in the employer's account as of the
3 employer's most recent computation date if they are made on or
4 before the following March 1. Voluntary payments when accepted
5 from an employer shall not be refunded in whole or in part.

6 H. In the case of a transfer of an employing
7 enterprise, notwithstanding any other provision of law, the
8 experience history of the transferred enterprise shall be
9 transferred from the predecessor employer to the successor
10 under the following conditions and in accordance with the
11 applicable rules of the secretary:

12 (1) as used in this subsection:

13 (a) "employing enterprise" means a
14 business activity engaged in by a contributing employing unit
15 in which one or more persons have been employed within the
16 current or the three preceding calendar quarters. An
17 "employing enterprise" includes the employer's work force;

18 (b) "predecessor" means the owner and
19 operator of an employing enterprise immediately prior to the
20 transfer of such enterprise;

21 (c) "successor" means any person that
22 acquires an employing enterprise and continues to operate such
23 business entity;

24 (d) "experience history" means the
25 experience rating record and reserve account, including the

1 actual contributions, benefit charges and payroll experience of
2 the employing enterprise;

3 (e) "common ownership" means that two or
4 more businesses are substantially owned, managed or controlled
5 by the same person or persons;

6 (f) "knowingly" means having actual
7 knowledge of or acting with deliberate ignorance of or reckless
8 disregard for the prohibition involved; and

9 (g) "violates or attempts to violate"
10 includes an intent to evade, a misrepresentation or a willful
11 nondisclosure;

12 (2) except as otherwise provided in this
13 subsection, for the purpose of this subsection, two or more
14 employers who are parties to or the subject of any transaction
15 involving the transfer of an employing enterprise shall be
16 deemed to be a single employer and the experience history of
17 the employing enterprise shall be transferred to the successor
18 employer if the successor employer has acquired by the
19 transaction all of the business enterprises of the predecessor;
20 provided that:

21 (a) all contributions, interest and
22 penalties due from the predecessor employer have been paid;

23 (b) notice of the transfer has been
24 given in accordance with the rules of the secretary during the
25 calendar year of the transaction transferring the employing

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1 enterprise or the date of the actual transfer of control and
2 operation of the employing enterprise;

3 (c) the successor shall notify the
4 division of the acquisition on or before the due date of the
5 successor's first wage and contribution report. If the
6 successor employer fails to notify the division of the
7 acquisition within this time limit, the division, when it
8 receives actual notice, shall effect the transfer of the
9 experience history and applicable rate of contribution
10 retroactively to the date of the acquisition, and the successor
11 shall pay a penalty of fifty dollars (\$50.00); and

12 (d) where the transaction involves only
13 a merger, consolidation or other form of reorganization without
14 a substantial change in the ownership and controlling interest
15 of the business entity, as determined by the secretary, the
16 limitations on transfers stated in Subparagraphs (a), (b) and
17 (c) of this paragraph shall not apply. A party to a merger,
18 consolidation or other form of reorganization described in this
19 subparagraph shall not be relieved of liability for any
20 contributions, interest or penalties due and owing from the
21 employing enterprise at the time of the merger, consolidation
22 or other form of reorganization;

23 (3) the applicable experience history may be
24 transferred to the successor in the case of a partial transfer
25 of an employing enterprise if the successor has acquired one or

1 more of the several employing enterprises of a predecessor but
2 not all of the employing enterprises of the predecessor and
3 each employing enterprise so acquired was operated by the
4 predecessor as a separate store, factory, shop or other
5 separate employing enterprise and the predecessor, throughout
6 the entire period of the contribution with liability applicable
7 to each enterprise transferred, has maintained and preserved
8 payroll records that, together with records of contribution
9 liability and benefit chargeability, can be separated by the
10 parties from the enterprises retained by the predecessor to the
11 satisfaction of the secretary or the secretary's delegate. A
12 partial experience history transfer will be made only if the
13 successor:

14 (a) notifies the division of the
15 acquisition, in writing, not later than the due date of the
16 successor's first quarterly wage and contribution report after
17 the effective date of the acquisition;

18 (b) files an application provided by the
19 division that contains the endorsement of the predecessor
20 within thirty days from the delivery or mailing of such
21 application by the division to the successor's last known
22 address; and

23 (c) files with the application a Form
24 ES-903A or its equivalent with a schedule of the name and
25 social security number of and the wages paid to and the

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1 contributions paid for each employee for the three-and-one-
2 half-year period preceding the computation date as defined in
3 Subparagraph (d) of Paragraph (3) of Subsection I of this
4 section through the date of transfer or such lesser period as
5 the enterprises transferred may have been in operation. The
6 application and Form ES-903A shall be supported by the
7 predecessor's permanent employment records, which shall be
8 available for audit by the division. The application and Form
9 ES-903A shall be reviewed by the division, and, upon approval,
10 the percentage of the predecessor's experience history
11 attributable to the enterprises transferred shall be
12 transferred to the successor. The percentage shall be obtained
13 by dividing the taxable payrolls of the transferred enterprises
14 for such three-and-one-half-year period preceding the date of
15 computation or such lesser period as the enterprises
16 transferred may have been in operation by the predecessor's
17 entire payroll;

18 (4) if, at the time of a transfer of an
19 employing enterprise in whole or in part, both the predecessor
20 and the successor are under common ownership, then the
21 experience history attributable to the transferred business
22 shall also be transferred to and combined with the experience
23 history attributable to the successor employer. The rates of
24 both employers shall be recalculated and made effective
25 immediately upon the date of the transfer;

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1 (5) whenever a person, who is not currently an
2 employer, acquires the trade or business of an employing
3 enterprise, the experience history of the acquired business
4 shall not be transferred to the successor if the secretary or
5 the secretary's designee finds that the successor acquired the
6 business solely or primarily for the purpose of obtaining a
7 lower rate of contributions. Instead, the successor shall be
8 assigned the applicable new employer rate pursuant to this
9 section. In determining whether the business was acquired
10 solely or primarily for the purpose of obtaining a lower rate
11 of contribution, the secretary or the secretary's designee
12 shall consider:

13 (a) the cost of acquiring the business;

14 (b) whether the person continued the
15 business enterprise of the acquired business;

16 (c) how long such business enterprise
17 was continued; and

18 (d) whether a substantial number of new
19 employees were hired for performance of duties unrelated to
20 those that the business activity conducted prior to
21 acquisition;

22 (6) if, following a transfer of experience
23 history pursuant to this subsection, the department determines
24 that a substantial purpose of the transfer of the employing
25 enterprise was to obtain a reduced liability for contributions,

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1 then the experience rating accounts of the employers involved
2 shall be combined into a single account and a single rate
3 assigned to the combined account;

4 (7) the secretary shall adopt such rules as
5 are necessary to interpret and carry out the provisions of this
6 subsection, including rules that:

7 (a) describe how experience history is
8 to be transferred; and

9 (b) establish procedures to identify the
10 type of transfer or acquisition of an employing enterprise; and

11 (8) a person who knowingly violates or
12 attempts to violate a rule adopted pursuant to Paragraph (7) of
13 this subsection, who transfers or acquires, or attempts to
14 transfer or acquire, an employing enterprise for the sole or
15 primary purpose of obtaining a reduced liability for
16 contributions or who knowingly advises another person to
17 violate a rule adopted pursuant to Paragraph (7) of this
18 subsection or to transfer or acquire an employing enterprise
19 for the sole or primary purpose of obtaining a reduced
20 liability for contributions is guilty of a misdemeanor and
21 shall be punished by a fine of not less than one thousand five
22 hundred dollars (\$1,500) or more than three thousand dollars
23 (\$3,000) or, if an individual, by imprisonment for a definite
24 term not to exceed ninety days or both. In addition, such a
25 person shall be subject to the following civil penalty imposed

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1 by the secretary:

2 (a) if the person is an employer, the
3 person shall be assigned the highest contribution rate
4 established by the provisions of this section for the calendar
5 year in which the violation occurs and the three subsequent
6 calendar years; provided that if the difference between the
7 increased penalty rate and the rate otherwise applicable would
8 be less than two percent of the employer's payroll, the
9 contribution rate shall be increased by two percent of the
10 employer's payroll for the calendar year in which the violation
11 occurs and the three subsequent calendar years; or

12 (b) if the person is not an employer,
13 the secretary may impose a civil penalty not to exceed three
14 thousand dollars (\$3,000).

15 I. For each calendar year, if, as of the
16 computation date for that year, an employer's account has been
17 chargeable with benefits throughout the preceding thirty-six
18 months, the contribution rate for that employer shall be
19 determined as follows:

20 (1) the total assets in the fund and the total
21 of the last annual payrolls of all employers subject to
22 contributions as of the computation date for each year shall be
23 determined. These annual totals are here called "the fund" and
24 "total payrolls". For each year, the "reserve" of each
25 employer shall be fixed by the excess of the employer's total

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1 contributions over total benefit charges computed as a
2 percentage of the employer's average payroll reported for
3 contributions. The determination of each employer's annual
4 rate, computed as of the computation date for each calendar
5 year, shall be made by matching the employer's reserve as shown
6 in the reserve column with the corresponding rate in the rate
7 column of the applicable rate schedule of the table provided in
8 Paragraph (4) of this subsection;

9 (2) for each calendar year after ~~[2012]~~ 2013,
10 except as otherwise provided, each employer's rate shall be the
11 corresponding rate in:

12 (a) Contribution Schedule 0 of the table
13 provided in Paragraph (4) of this subsection if the fund equals
14 at least two and three-tenths percent of the total payrolls;

15 (b) Contribution Schedule 1 of the table
16 provided in Paragraph (4) of this subsection if the fund equals
17 less than two and three-tenths percent but not less than one
18 and seven-tenths percent of the total payrolls;

19 (c) Contribution Schedule 2 of the table
20 provided in Paragraph (4) of this subsection if the fund equals
21 less than one and seven-tenths percent but not less than one
22 and three-tenths percent of the total payrolls;

23 (d) Contribution Schedule 3 of the table
24 provided in Paragraph (4) of this subsection if the fund equals
25 less than one and three-tenths percent but not less than one

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1 percent of the total payrolls;

2 (e) Contribution Schedule 4 of the table
3 provided in Paragraph (4) of this subsection if the fund equals
4 less than one percent but not less than seven-tenths percent of
5 the total payrolls;

6 (f) Contribution Schedule 5 of the table
7 provided in Paragraph (4) of this subsection if the fund equals
8 less than seven-tenths percent but not less than three-tenths
9 percent of the total payrolls; or

10 (g) Contribution Schedule 6 of the table
11 provided in Paragraph (4) of this subsection if the fund equals
12 less than three-tenths percent of the total payrolls;

13 (3) as used in this section:

14 (a) "annual payroll" means the total
15 amount of remuneration from an employer for employment during a
16 twelve-month period ending on a computation date, and "average
17 payroll" means the average of the last three annual payrolls;

18 (b) "base-period wages" means the wages
19 of an individual for insured work during the individual's base
20 period on the basis of which the individual's benefit rights
21 were determined;

22 (c) "base-period employers" means the
23 employers of an individual during the individual's base period;
24 and

25 (d) "computation date" for each

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1 calendar year means the close of business on June 30 of the
 2 preceding calendar year;

3 (4) table of employer reserves and
 4 contribution rate schedules:

5 Employer Reserve	Contribution Schedule 0	Contribution Schedule 1	Contribution Schedule 2	Contribution Schedule 3
7 10.0% and over	0.03%	0.05%	0.1%	0.6%
8 9.0%-9.9%	0.06%	0.1%	0.2%	0.9%
9 8.0%-8.9%	0.09%	0.2%	0.4%	1.2%
10 7.0%-7.9%	0.10%	0.4%	0.6%	1.5%
11 6.0%-6.9%	0.30%	0.6%	0.8%	1.8%
12 5.0%-5.9%	0.50%	0.8%	1.1%	2.1%
13 4.0%-4.9%	0.80%	1.1%	1.4%	2.4%
14 3.0%-3.9%	1.20%	1.4%	1.7%	2.7%
15 2.0%-2.9%	1.50%	1.7%	2.0%	3.0%
16 1.0%-1.9%	1.80%	2.0%	2.4%	3.3%
17 0.9%-0.0%	2.40%	2.4%	3.3%	3.6%
18 (-0.1%)-(-0.5%)	3.30%	3.3%	3.6%	3.9%
19 (-0.5%)-(-1.0%)	4.20%	4.2%	4.2%	4.2%
20 (-1.0%)-(-2.0%)	5.00%	5.0%	5.0%	5.0%
21 Under (-2.0%)	5.40%	5.4%	5.4%	5.4%

22 Employer Reserve	Contribution Schedule 4	Contribution Schedule 5	Contribution Schedule 6
24 10.0% and over	0.9%	1.2%	2.7%
25 9.0%-9.9%	1.2%	1.5%	2.7%

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1	8.0%-8.9%	1.5%	1.8%	2.7%
2	7.0%-7.9%	1.8%	2.1%	2.7%
3	6.0%-6.9%	2.1%	2.4%	2.7%
4	5.0%-5.9%	2.4%	2.7%	3.0%
5	4.0%-4.9%	2.7%	3.0%	3.3%
6	3.0%-3.9%	3.0%	3.3%	3.6%
7	2.0%-2.9%	3.3%	3.6%	3.9%
8	1.0%-1.9%	3.6%	3.9%	4.2%
9	0.9%-0.0%	3.9%	4.2%	4.5%
10	(-0.1%)-(-0.5%)	4.2%	4.5%	4.8%
11	(-0.5%)-(-1.0%)	4.5%	4.8%	5.1%
12	(-1.0%)-(-2.0%)	5.0%	5.1%	5.3%
13	Under (-2.0%)	5.4%	5.4%	5.4%;

14 and

15 (5) from January 1, 2011 through December 31,
 16 [~~2011~~] 2013, each employer making contributions pursuant to
 17 this subsection shall make a contribution at the rate
 18 specified in Contribution Schedule 1.

19 J. The division shall promptly notify each
 20 employer of the employer's rate of contributions as determined
 21 for any calendar year pursuant to this section. Such
 22 notification shall include the amount determined as the
 23 employer's average payroll, the total of all of the employer's
 24 contributions paid on the employer's behalf and credited to
 25 the employer's account for all past years and total benefits

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1 charged to the employer's account for all such years. Such
2 determination shall become conclusive and binding upon the
3 employer unless, within thirty days after the mailing of
4 notice thereof to the employer's last known address or in the
5 absence of mailing, within thirty days after the delivery of
6 such notice, the employer files an application for review and
7 redetermination, setting forth the employer's reason therefor.
8 The employer shall be granted an opportunity for a fair
9 hearing in accordance with rules prescribed by the secretary,
10 but an employer shall not have standing, in any proceeding
11 involving the employer's rate of contributions or contribution
12 liability, to contest the chargeability to the employer's
13 account of any benefits paid in accordance with a
14 determination, redetermination or decision pursuant to Section
15 51-1-8 NMSA 1978, except upon the ground that the services on
16 the basis of which such benefits were found to be chargeable
17 did not constitute services performed in employment for the
18 employer and only in the event that the employer was not a
19 party to such determination, redetermination or decision, or
20 to any other proceedings under the Unemployment Compensation
21 Law in which the character of such services was determined.
22 The employer shall be promptly notified of the decision on the
23 employer's application for redetermination, which shall become
24 final unless, within fifteen days after the mailing of notice
25 thereof to the employer's last known address or in the absence

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1 of mailing, within fifteen days after the delivery of such
2 notice, further appeal is initiated pursuant to Subsection D
3 of Section 51-1-8 NMSA 1978.

4 K. The division shall provide each contributing
5 employer, within ninety days of the end of each calendar
6 quarter, a written determination of benefits chargeable to the
7 employer's account. Such determination shall become
8 conclusive and binding upon the employer for all purposes
9 unless, within thirty days after the mailing of the
10 determination to the employer's last known address or in the
11 absence of mailing, within thirty days after the delivery of
12 such determination, the employer files an application for
13 review and redetermination, setting forth the employer's
14 reason therefor. The employer shall be granted an opportunity
15 for a fair hearing in accordance with rules prescribed by the
16 secretary, but an employer shall not have standing in any
17 proceeding involving the employer's contribution liability to
18 contest the chargeability to the employer's account of any
19 benefits paid in accordance with a determination,
20 redetermination or decision pursuant to Section 51-1-8 NMSA
21 1978, except upon the ground that the services on the basis of
22 which such benefits were found to be chargeable did not
23 constitute services performed in employment for the employer
24 and only in the event that the employer was not a party to
25 such determination, redetermination or decision, or to any

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1 other proceedings under the Unemployment Compensation Law in
2 which the character of such services was determined. The
3 employer shall be promptly notified of the decision on the
4 employer's application for redetermination, which shall become
5 final unless, within fifteen days after the mailing of notice
6 thereof to the employer's last known address or in the absence
7 of mailing, within fifteen days after the delivery of such
8 notice, further appeal is initiated pursuant to Subsection D
9 of Section 51-1-8 NMSA 1978.

10 L. The contributions, together with interest and
11 penalties thereon imposed by the Unemployment Compensation
12 Law, shall not be assessed nor shall action to collect the
13 same be commenced more than four years after a report showing
14 the amount of the contributions was due. In the case of a
15 false or fraudulent contribution report with intent to evade
16 contributions or a willful failure to file a report of all
17 contributions due, the contributions, together with interest
18 and penalties thereon, may be assessed or an action to collect
19 such contributions may be begun at any time. Before the
20 expiration of such period of limitation, the employer and the
21 secretary may agree in writing to an extension thereof and the
22 period so agreed on may be extended by subsequent agreements
23 in writing. In any case where the assessment has been made
24 and action to collect has been commenced within four years of
25 the due date of any contribution, interest or penalty,

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1 including the filing of a warrant of lien by the secretary
 2 pursuant to Section 51-1-36 NMSA 1978, such action shall not
 3 be subject to any period of limitation.

4 M. The secretary shall correct any error in the
 5 determination of an employer's rate of contribution during the
 6 calendar year to which the erroneous rate applies,
 7 notwithstanding that notification of the employer's rate of
 8 contribution may have been issued and contributions paid
 9 pursuant to the notification. Upon issuance by the division
 10 of a corrected rate of contribution, the employer shall have
 11 the same rights to review and redetermination as provided in
 12 Subsection J of this section.

13 N. Any interest required to be paid on advances to
 14 this state's unemployment compensation fund under Title 12 of
 15 the Social Security Act shall be paid in a timely manner as
 16 required under Section 1202 of Title 12 of the Social Security
 17 Act and shall not be paid, directly or indirectly, by the
 18 state from amounts in the state's unemployment compensation
 19 fund."

20 SECTION 2. Section 51-1-25 NMSA 1978 (being Laws 1959,
 21 Chapter 321, Section 5, as amended) is amended to read:

22 "51-1-25. ADVISORY COUNCILS.--

23 A. The secretary shall appoint a "state
 24 unemployment compensation advisory council" composed [~~in each~~
 25 ~~case of men and women and including~~] of an equal number of

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1 employer and employee representatives who are representative
2 because of their vocation, employment or affiliations and such
3 members representing the general public as the secretary
4 designates. The council shall aid the department in
5 formulating policies and discussing problems relating to the
6 administration of the Unemployment Compensation Law and in
7 assuring impartiality and freedom from political influence in
8 the solution of such problems. The secretary may also appoint
9 industry or other special councils to perform appropriate
10 services. ~~[Council members shall serve without compensation
11 other than for wage loss sustained for attendance at formal
12 meetings of the council or duly constituted committees.
13 Members shall be reimbursed for any travel expense incurred in
14 the same manner as employees of the department.]~~ State
15 unemployment compensation advisory council members shall
16 receive per diem and mileage as provided for nonsalaried
17 public officers in the Per Diem and Mileage Act and shall
18 receive no other compensation, perquisite or allowance.

19 B. On or before January 13, 2012, the state
20 unemployment compensation advisory council shall present
21 recommendations to the legislature for statutory changes to
22 provide for a permanent solution for the solvency of the
23 unemployment compensation fund. In preparing the
24 recommendations, the council shall consider the following
25 objectives:

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1 (1) refining the formula for determining
 2 contribution rate schedules that determine an employer's
 3 contribution to the unemployment compensation fund each
 4 calendar year;

5 (2) reevaluating and restructuring the
 6 contribution rate schedules and the employer experience rating
 7 banding within each contribution rate schedule;

8 (3) adding a ceiling and floor mechanism that
 9 adjusts if the unemployment compensation fund reaches a high
 10 balance or is near insolvency;

11 (4) determining a target unemployment
 12 compensation fund balance or ratio; and

13 (5) establishing administrative reforms that
 14 will prevent the payment of fraudulent claims and overpayments
 15 of unemployment compensation benefits."

16 SECTION 3. APPROPRIATION--TRANSFER.--

17 A. Up to thirty-five million dollars (\$35,000,000)
 18 is transferred from the general fund to the unemployment
 19 compensation fund in fiscal year 2012 for the purpose of
 20 paying unemployment compensation benefits. The amount of this
 21 transfer is limited to no more than the amount that can be
 22 transferred without reducing general fund reserves to less
 23 than five percent of recurring appropriations.

24 B. Up to thirty-five million dollars (\$35,000,000)
 25 is transferred from the general fund to the unemployment

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1 compensation fund in fiscal year 2013 for the purpose of
2 paying unemployment compensation benefits.

3 C. Amounts transferred pursuant to this section
4 shall be deposited in the unemployment compensation fund and
5 shall constitute a loan governed by the following terms:

6 (1) all proceeds shall be used solely for the
7 payment of unemployment compensation; and

8 (2) the loan shall bear interest at a rate of
9 zero percent per annum.

10 D. The transfers set forth in Subsections A and B
11 of this section shall be repaid from the unemployment
12 compensation fund to the general fund in five yearly
13 installments of up to fourteen million dollars (\$14,000,000),
14 with the first installment becoming due on June 30, 2015 and
15 each subsequent installment being due on June 30 of each
16 subsequent year until the principal balance is repaid.

17 SECTION 4. EFFECTIVE DATE.--The effective date of the
18 provisions of this act is January 1, 2012.

19 SECTION 5. EMERGENCY.--It is necessary for the public
20 peace, health and safety that this act take effect
21 immediately.