

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 71

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

AN ACT

RELATING TO HEALTH CARE; AMENDING THE RETIREE HEALTH CARE ACT
BY INCREASING THE EMPLOYER AND EMPLOYEE CONTRIBUTION RATES PAID
TO THE RETIREE HEALTH CARE FUND; RECONCILING CONFLICTING
AMENDMENTS TO THE SAME SECTION OF LAW BY REPEALING LAWS 2009,
CHAPTER 287, SECTION 2.

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:

.193470.1

underscoring material = new
[bracketed material] = delete

1 (1) for participating employees who are not
2 members of an enhanced retirement plan, the employer's
3 contribution shall equal:

4 (a) one and three-tenths percent of each
5 participating employee's salary for the period from July 1,
6 2002 through June 30, 2010;

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

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

13 (d) two percent of each participating
14 employee's salary ~~beginning~~ from July 1, 2012 through June
15 30, 2014;

16 (e) two and one hundred twenty-five
17 thousandths percent of each participating employee's salary
18 from July 1, 2014 through June 30, 2015;

19 (f) two and twenty-five hundredths
20 percent of each participating employee's salary from July 1,
21 2015 through June 30, 2016;

22 (g) two and three hundred seventy-five
23 thousandths percent of each participating employee's salary
24 from July 1, 2016 through June 30, 2017;

25 (h) two and one-half percent of each

1 participating employee's salary from July 1, 2017 through June
2 30, 2018;

3 (i) two and six hundred twenty-five
4 thousandths percent of each participating employee's salary
5 from July 1, 2018 through June 30, 2019;

6 (j) two and seventy-five hundredths
7 percent of each participating employee's salary from July 1,
8 2019 through June 30, 2020;

9 (k) two and eight hundred seventy-five
10 thousandths percent of each participating employee's salary
11 from July 1, 2020 through June 30, 2021;

12 (l) three percent of each participating
13 employee's salary from July 1, 2021 through June 30, 2022;

14 (m) three and one hundred twenty-five
15 thousandths percent of each participating employee's salary
16 from July 1, 2022 through June 30, 2023;

17 (n) three and twenty-five hundredths
18 percent of each participating employee's salary from July 1,
19 2023 through June 30, 2024;

20 (o) three and three hundred seventy-five
21 thousandths percent of each participating employee's salary
22 from July 1, 2024 through June 30, 2025; and

23 (p) three and one-half percent of each
24 participating employee's salary beginning July 1, 2025;

25 (2) for participating employees who are

.193470.1

underscored material = new
[bracketed material] = delete

1 members of an enhanced retirement plan, the employer's
2 contribution shall equal:

3 (a) one and three-tenths percent of each
4 participating employee's salary for the period from July 1,
5 2002 through June 30, 2010;

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

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

12 (d) two and one-half percent of each
13 participating employee's salary ~~[beginning July 1, 2012; and]~~
14 from July 1, 2012 through June 30, 2014;

15 (e) two and six hundred fifty-six
16 thousandths percent of each participating employee's salary
17 from July 1, 2014 through June 30, 2015;

18 (f) two and eight hundred thirteen
19 thousandths percent of each participating employee's salary
20 from July 1, 2015 through June 30, 2016;

21 (g) two and nine hundred sixty-nine
22 thousandths percent of each participating employee's salary
23 from July 1, 2016 through June 30, 2017;

24 (h) three and one hundred twenty-five
25 thousandths percent of each participating employee's salary

underscored material = new
[bracketed material] = delete

1 from July 1, 2017 through June 30, 2018;

2 (i) three and two hundred eighty-one
3 thousandths percent of each participating employee's salary
4 from July 1, 2018 through June 30, 2019;

5 (j) three and four hundred thirty-eight
6 thousandths percent of each participating employee's salary
7 from July 1, 2019 through June 30, 2020;

8 (k) three and five hundred ninety-four
9 thousandths percent of each participating employee's salary
10 from July 1, 2020 through June 30, 2021;

11 (l) three and seventy-five hundredths
12 percent of each participating employee's salary from July 1,
13 2021 through June 30, 2022;

14 (m) three and nine hundred six
15 thousandths percent of each participating employee's salary
16 from July 1, 2022 through June 30, 2023;

17 (n) four and sixty-three thousandths
18 percent of each participating employee's salary from July 1,
19 2023 through June 30, 2024;

20 (o) four and two hundred nineteen
21 thousandths percent of each participating employee's salary
22 from July 1, 2024 through June 30, 2025; and

23 (p) four and three hundred seventy-five
24 thousandths percent of each participating employee's salary
25 beginning July 1, 2025; and

.193470.1

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

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

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

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

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

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

21 (d) one percent of the employee's salary
22 ~~[beginning]~~ from July 1, 2012 through June 30, 2014;

23 (e) one and one-fourth percent of the
24 employee's salary from July 1, 2014 through June 30, 2015;

25 (f) one and one-half percent of the

1 employee's salary from July 1, 2015 through June 30, 2016; and
2 (g) one and three-fourths percent of the
3 employee's salary beginning July 1, 2016;

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

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

10 (b) one and forty-two thousandths
11 percent of the employee's salary for the period from July 1,
12 2010 through June 30, 2011;

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

16 (d) one and one-fourth percent of the
17 employee's salary [~~beginning July 1, 2012; and~~] from July 1,
18 2012 through June 30, 2014;

19 (e) one and fifty-six hundredths percent
20 of the employee's salary from July 1, 2014 through June 30,
21 2015;

22 (f) one and eighty-eight hundredths
23 percent of the employee's salary from July 1, 2015 through June
24 30, 2016; and

25 (g) two and nineteen-hundredths percent

.193470.1

1 of the employee's salary beginning July 1, 2016; and

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

10 C. On or after July 1, 2009, no person who has
11 obtained service credit pursuant to Subsection B of Section
12 10-11-6 NMSA 1978, Section 10-11-7 NMSA 1978 or Paragraph (3)
13 or (4) of Subsection A of Section 22-11-34 NMSA 1978 may enroll
14 with the authority unless the person makes a contribution to
15 the fund equal to the full actuarial present value of the
16 amount of the increase in the person's health care benefit, as
17 determined by the authority.

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

.193470.1

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

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

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

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

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

25 (a) state police member and adult

.193470.1

1 correctional officer member coverage plan 1;

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

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

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

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

10 SECTION 2. TEMPORARY PROVISION--STATE EMPLOYER

11 CONTRIBUTIONS--FUNDING.--The state employer contribution
12 amounts provided for pursuant to the Retiree Health Care Act
13 for fiscal years 2015 through 2026 are contingent upon funding
14 by the legislature.

15 SECTION 3. REPEAL.--Laws 2009, Chapter 287, Section 2 is
16 repealed.

17 SECTION 4. EFFECTIVE DATE.--The effective date of the
18 provisions of this act is July 1, 2013.

underscored material = new
[bracketed material] = delete