

March 7, 2014

SENATE EXECUTIVE MESSAGE NO. 106

The Honorable Mary Kay Papen, President Pro Tempore
And Members of the New Mexico State Senate
State Capitol Building
Santa Fe, New Mexico 87501

Dear President Pro Tempore Papen and Members of the Senate:

Pursuant to the Constitution of the State of New Mexico, Article IV, Section 22, I hereby VETO and am returning SENATE BILL 304, enacted by the Fifty-First Legislature, Second Regular Session, 2014.

Senate Bill 304 proposes to amend the Tax Administration Act to provide a temporary distribution from the Legislative Retirement Fund to the Judicial Retirement Fund and the Magistrate Retirement Fund.

Although the funded ratios of the Judicial and Magistrate retirement plans have dropped to dangerously low levels in recent years, I am pleased that comprehensive reform measures passed during the recent legislative session are projected to restore these plans to good health within a thirty year time frame, similar to the projected levels for the Educational Retirement and Public Employee Retirement plans following reforms enacted last year.

As such, any additional infusion from the Legislative Retirement Fund is unnecessary and would, in effect, overfund the Judicial and Magistrate plans. In fact, the Magistrate plan would be significantly overfunded, increasing to nearly a 114% funded ratio, just shy of the 115% funded ratio that currently exists in the Legislative Retirement Fund (from which this legislation is removing money because of how heavily overfunded it is).

Furthermore, I agree with the Legislative Finance Committee Fiscal Impact Report that we should allow time for the reforms to take effect before seeking a cash infusion to these

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funds, particularly given the dramatic improvement in solvency we are achieving through House Bill 33 and Senate Bill 160/House Bill 216.

And, if such significant balances exist in the Legislative Retirement Fund, it is worth the Legislature exploring how they might reduce current revenue transfers to redirect a portion of this excess funding to other critical state needs, such as education reform, early childhood programs, and health services for New Mexicans.

For the reasons mentioned, I cannot support this legislation at this time.

Respectfully yours,

Susana Martinez
Governor

RECEIVED FROM THE OFFICE OF THE GOVERNOR

Time: _____ a.m. p.m.

Date: _____, 2014

By _____
Secretary of State

Time: _____ a.m. p.m.

Date: _____, 2014

By _____
Chief Clerk of the Senate