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FISCAL IMPACT REPORT

SPONSOR Munoz ORIGINAL DATE 03/05/19
 LAST UPDATED 03/06/19 HB _____

SHORT TITLE Legislative Retirement Plan Eligibility SB 539

ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

Senate Bill 539 (SB539) prohibits legislators and lieutenant governors elected after July 1, 2019 who are members or retired members covered by a state (PERA) or educational (ERB) retirement system from participating in pension benefits provided under legislator member coverage plan 2.

FISCAL IMPLICATIONS

Because current contributions to the legislative retirement fund are sufficient to fully fund the plan, and because enactment of SB539 would not reduce state contributions made to the fund, SB539 would neither reduce the state’s pension liability nor reduce state spending on the plan. For this reason, SB539 has no fiscal impact except to increase the solvency of the Legislature Retirement Plan.

SIGNIFICANT ISSUES

PERA notes:

State Legislator Member Coverage Plan 2 (“Plan 2”) is unlike other PERA coverage plans in that it is not funded based upon contributions from salary. Legislators are not salaried employees and their “retirement benefits” do not derive from employment. Plan 2 members are required to pay annual contributions of \$600 per year of service. The State transfers \$2.4 million [to the plan] annually. For the year ending June 30, 2018, the Legislative Retirement Fund was funded at 137.7 percent. There are 120 active members in the Plan.

The annual funding distribution to the legislative retirement fund is found in the Tax Administration Act, Section 7-1-6.43 NMSA 1978. SB539 does not affect this section of law.

CJ/gb/al/sb