

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/21

SPONSOR Anderson LAST UPDATED _____ HB 162

SHORT TITLE Public Employee Retirement Board Changes SB _____

ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total				NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

House Bill 162 (HB162) changes the membership of the PERA Board from a 12-member elected board to a 12-member appointed board from geographically diverse areas of the state. It also removes the secretary of state as an ex officio member.

Members of the PERA board would include

1. The state treasurer or state treasurer's designee
2. One active member of a state general coverage plan appointed by the State Personnel Board;
3. One active county member of a municipal general coverage plan appointed by the New Mexico Counties;
4. One active municipal member of a municipal general coverage plan appointed by the New Mexico Municipal League;
5. One active member to be appointed by the New Mexico Federation of Labor, AFL-CIO;
6. One public representative who is not a member of the retirement system and who has skill, knowledge, and experience related to investing, appointed by the Speaker of the House of Representatives;
7. One public representative who is not a member of the retirement system and who has

skill, knowledge, and experience related to investing, appointed by the president pro temp of the Senate;

8. Two public representatives who are not members and who have skill, knowledge, and experience related to investing, appointed by the governor;
9. The secretary of finance and administration or the secretary's designee; and
10. Two retired members: one appointed by the retired public employees of New Mexico and one appointed by the New Mexico Federation of Labor, AFL-CIOs.

HB162 contains a temporary provision that provides current Board members serving on the effective date of the legislation are no long board members and their positions shall be considered vacant.

The bill is effective July 1, 2021.

FISCAL IMPLICATIONS

Because HB162 does not change the total number of board members, there will be no changes to costs associated with board member travel and per diem or training. Because board expenses will likely not change as a result of enactment of HB162, the bill is not anticipated to have a fiscal impact.

SIGNIFICANT ISSUES

HB162 would replace an elected board with an appointed board. The board would include four appointees who are not members of the retirement association but with specific experience in investing, in addition to representatives from the State Treasurer and the Secretary of the Department of Finance and Administration. The bill does not define "skill, knowledge and experience related to investing."

The bill does not include a provision regarding an initial appointment deadline, which would ensure an unimpeded transition between the elected and appointed board.