

LFC Requester:	Simon, Joseph
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 1/20/24

Bill No: HB 172

Sponsor: Representative Sanchez
Short Title: PERA Member Temporary Payment

Agency Name and Code 366- PERA
Number: _____
Person Writing Anna Williams
Phone: 505-259-8489 **Email** anna.williams@pera.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	\$63,000.00	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Effective July 1, 2024, HB 172 will amend section 10-11-118 NMSA 1978 related to cost-of-living adjustments for PERA retirees as follows;

- Qualified pension recipients shall receive an annual, non-compounding, additional payment.
- The additional payment shall be determined by multiplying the amount of annual pension payments, inclusive of all cost-of-living adjustments prior to that fiscal year, by two percent.
- The non-compounding additional payments will be for the fiscal years 2025, and 2026.

The payments provided by HB 172 will be in addition to the compounding cost-of-living adjustments provided by existing law.

FISCAL IMPLICATIONS

Article 20, Section 22 of the New Mexico Constitution prohibits the Legislature from enacting any law that increases the benefits paid by PERA unless adequate funding is provided. That section provides the retirement board the sole and exclusive power to adopt actuarial assumptions, based on recommendations from an independent actuary.

PERA actuaries have estimated the total cost of HB 172 as \$63,000,000. While an appropriation is included within the legislation, if HB 172 were implemented without those additional funds appropriated by the Legislative to pay for the associated cost, the unfunded liability for the PERA fund would increase by \$63 million.

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

HB 172 will not affect PERA's performance measures.

ADMINISTRATIVE IMPLICATIONS

PERA will have to make system modifications to its pension administration system to ensure that all qualified pension recipients shall receive an annual, non-compounding, additional payment for FY25 and FY26.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

PERA members will continue to be able to receive their annual compounding cost of living adjustments.

AMENDMENTS

None