

SENATE PUBLIC AFFAIRS COMMITTEE SUBSTITUTE FOR
SENATE BILL 259

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

AN ACT

RELATING TO PUBLIC EMPLOYEES RETIREMENT; PROVIDING FOR MOTOR
TRANSPORTATION OFFICERS AND SPECIAL INVESTIGATIONS DIVISION
OFFICERS TO ELECT TO CHANGE THEIR COVERAGE PLANS; RECONCILING
MULTIPLE AMENDMENTS TO THE SAME SECTION OF LAW IN LAWS 2003;
RECONCILING MULTIPLE AMENDMENTS TO THE SAME SECTION OF LAW IN
LAWS 2009 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

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1 contributions to the fund pursuant to the following provisions:

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

5 (a) one and three-tenths percent of each
6 participating employee's salary for the period from July 1,
7 2002 through June 30, 2010;

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

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

14 (d) two percent of each participating
15 employee's salary beginning July 1, 2012;

16 (2) for participating employees who are
17 members of an enhanced retirement plan, the employer's
18 contribution shall equal:

19 (a) one and three-tenths percent of each
20 participating employee's salary for the period from July 1,
21 2002 through June 30, 2010;

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

25 (c) two and two hundred ninety-two

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1 thousandths percent of each participating employee's salary for
2 the period from July 1, 2011 through June 30, 2012; and

3 (d) two and one-half percent of each
4 participating employee's salary beginning July 1, 2012; and

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

9 B. Following completion of the preliminary
10 contribution period, each participating employee, as a
11 condition of employment, shall contribute to the fund pursuant
12 to the following provisions:

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

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

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

22 (c) nine hundred seventeen thousandths
23 of one percent of the employee's salary for the period from
24 July 1, 2011 through June 30, 2012; and

25 (d) one percent of the employee's salary

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1 beginning July 1, 2012;

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

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

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

11 (c) one and one hundred forty-six
12 thousandths percent of the employee's salary for the period
13 from July 1, 2011 through June 30, 2012; and

14 (d) one and one-fourth percent of the
15 employee's salary beginning July 1, 2012; and

16 (3) as a condition of employment, each
17 participating employee of an employer that chooses to become a
18 participating employer after January 1, 1998 shall contribute
19 to the fund an amount that is determined to be appropriate by
20 the board. Each month, participating employers shall deduct
21 the contribution from the participating employee's salary and
22 shall remit it to the board as provided by any procedures that
23 the board may require.

24 C. On or after July 1, 2009, no person who has
25 obtained service credit pursuant to Subsection B of Section

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1 10-11-6 NMSA 1978, Section 10-11-7 NMSA 1978 or Paragraph (3)
2 or (4) of Subsection A of Section 22-11-34 NMSA 1978 may enroll
3 with the authority unless the person makes a contribution to
4 the fund equal to the full actuarial present value of the
5 amount of the increase in the person's health care benefit, as
6 determined by the authority.

7 D. Except for contributions made pursuant to
8 Subsection C of this section, a participating employer that
9 fails to remit before the tenth day after the last day of the
10 month all employer and employee deposits required by the
11 Retiree Health Care Act to be remitted by the employer for the
12 month shall pay to the fund, in addition to the deposits,
13 interest on the unpaid amounts at the rate of six percent per
14 year compounded monthly.

15 E. Except for contributions made pursuant to
16 Subsection C of this section, the employer and employee
17 contributions shall be paid in monthly installments based on
18 the percent of payroll certified by the employer.

19 F. Except in the case of erroneously made
20 contributions or as may be otherwise provided in Subsection D
21 of Section 10-7C-9 NMSA 1978, contributions from participating
22 employers and participating employees shall become the property
23 of the fund on receipt by the board and shall not be refunded
24 under any circumstances, including termination of employment or
25 termination of the participating employer's operation or

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1 participation in the Retiree Health Care Act.

2 G. Notwithstanding any other provision in the
3 Retiree Health Care Act and at the first session of the
4 legislature following July 1, 2013, the legislature shall
5 review and adjust the distributions pursuant to Section 7-1-6.1
6 NMSA 1978 and the employer and employee contributions to the
7 authority in order to ensure the actuarial soundness of the
8 benefits provided under the Retiree Health Care Act.

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

11 (1) a member of the public employees
12 retirement association who, pursuant to the Public Employees
13 Retirement Act, is included in:

14 (a) state [~~police member and adult~~
15 ~~correctional~~] officer member coverage plan 1;

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

18 (c) municipal fire member coverage plan
19 3, 4 or 5; or

20 (d) municipal detention officer member
21 coverage plan 1; or

22 (2) a member pursuant to the provisions of the
23 Judicial Retirement Act."

24 SECTION 2. Section 10-11-2 NMSA 1978 (being Laws 1987,
25 Chapter 253, Section 2, as amended) is amended to read:

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1 "10-11-2. DEFINITIONS.--As used in the Public Employees
2 Retirement Act:

3 A. "accumulated member contributions" means the
4 amounts deducted from the salary of a member and credited to
5 the member's individual account, together with interest, if
6 any, credited to that account;

7 B. "affiliated public employer" means the state and
8 any public employer affiliated with the association as provided
9 in the Public Employees Retirement Act, but does not include an
10 employer pursuant to the Magistrate Retirement Act, the
11 Judicial Retirement Act or the Educational Retirement Act;

12 C. "association" means the public employees
13 retirement association established under the Public Employees
14 Retirement Act;

15 D. "disability retired member" means a retired
16 member who is receiving a pension pursuant to the disability
17 retirement provisions of the Public Employees Retirement Act;

18 E. "disability retirement pension" means the
19 pension paid pursuant to the disability retirement provisions
20 of the Public Employees Retirement Act;

21 F. "educational retirement system" means that
22 retirement system provided for in the Educational Retirement
23 Act;

24 G. "employee" means any employee of an affiliated
25 public employer;

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1 H. "federal social security program" means that
2 program or those programs created and administered pursuant to
3 the act of congress approved August 14, 1935, Chapter 531, 49
4 Stat. 620, as that act may be amended;

5 I. "final average salary" means the final average
6 salary calculated in accordance with the provisions of the
7 applicable coverage plan;

8 J. "form of payment" means the applicable form of
9 payment of a pension provided for in Section 10-11-117 NMSA
10 1978;

11 K. "former member" means a person who was
12 previously employed by an affiliated public employer, who has
13 terminated that employment and who has received a refund of
14 member contributions;

15 L. "fund" means the funds included under the Public
16 Employees Retirement Act;

17 M. "member" means a currently employed,
18 contributing employee of an affiliated public employer, or a
19 person who has been but is not currently employed by an
20 affiliated public employer, who has not retired and who has not
21 received a refund of member contributions; "member" also
22 includes the following:

23 (1) "adult correctional officer member" means
24 a member who is an adult correctional officer or an adult
25 correctional officer specialist employed by a correctional

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1 facility of the corrections department or its successor agency;

2 (2) "hazardous duty member" means a member who
3 is a juvenile correctional officer employed by the children,
4 youth and families department or its successor agency;

5 (3) "motor transportation officer member"
6 means a member who is an officer of the motor transportation
7 division of the department of public safety and who has taken
8 the oath prescribed for such officers;

9 [~~(3)~~] (4) "municipal detention officer member"
10 means a member who is employed by an affiliated public employer
11 other than the state and who has inmate custodial
12 responsibilities at a facility used for the confinement of
13 persons charged with or convicted of a violation of a law or
14 ordinance;

15 [~~(4)~~] (5) "municipal fire member" means any
16 member who is employed as a full-time nonvolunteer firefighter
17 by an affiliated public employer and who has taken the oath
18 prescribed for firefighters;

19 [~~(5)~~] (6) "municipal police member" means any
20 member who is employed as a police officer by an affiliated
21 public employer, other than the state, and who has taken the
22 oath prescribed for police officers; [~~and~~]

23 (7) "special investigations division officer
24 member" means a member who is an officer in the special
25 investigations division of the department of public safety; and

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1 [~~(6)~~] (8) "state police member" means any
2 member who is an officer of the New Mexico state police and who
3 has taken the oath prescribed for such officers;

4 N. "membership" means membership in the
5 association;

6 O. "pension" means a series of monthly payments to
7 a retired member or survivor beneficiary as provided in the
8 Public Employees Retirement Act;

9 P. "public employer" means the state, any
10 municipality, city, county, metropolitan arroyo flood control
11 authority, economic development district, regional housing
12 authority, soil and water conservation district, entity created
13 pursuant to a joint powers agreement, council of government,
14 conservancy district, irrigation district, water and sanitation
15 district, water district and metropolitan water board,
16 including the boards, departments, bureaus and agencies of a
17 public employer, so long as these entities fall within the
18 meaning of governmental plan as that term is used in Section
19 414(d) of the Internal Revenue Code of 1986, as amended;

20 Q. "refund beneficiary" means a person designated
21 by the member, in writing, in the form prescribed by the
22 association, as the person who would be refunded the member's
23 accumulated member contributions payable if the member dies and
24 no survivor pension is payable or who would receive the
25 difference between pension paid and accumulated member

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1 contributions if the retired member dies before receiving in
2 pension payments the amount of the accumulated member
3 contributions;

4 R. "retire" means to:

5 (1) terminate employment with all employers
6 covered by any state system or the educational retirement
7 system; and

8 (2) receive a pension from a state system or
9 the educational retirement system;

10 S. "retired member" means a person who has met all
11 requirements for retirement and who is receiving a pension from
12 the fund;

13 T. "retirement board" means the retirement board
14 provided for in the Public Employees Retirement Act;

15 U. "salary" means the base salary or wages paid a
16 member, including longevity pay, for personal services rendered
17 an affiliated public employer. "Salary" shall not include
18 overtime pay, allowances for housing, clothing, equipment or
19 travel, payments for unused sick leave, unless the unused sick
20 leave payment is made through continuation of the member on the
21 regular payroll for the period represented by that payment, and
22 any other form of remuneration not specifically designated by
23 law as included in salary for Public Employees Retirement Act
24 purposes. Salary in excess of the limitations set forth in
25 Section 401(a) (17) of the Internal Revenue Code of 1986, as

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1 amended, shall be disregarded. The limitation on compensation
2 for eligible employees shall not be less than the amount that
3 was allowed to be taken into account under the state retirement
4 system acts in effect on July 1, 1993. For purposes of this
5 subsection, "eligible employee" means an individual who was a
6 member of a state system before the first plan year beginning
7 after December 31, 1995;

8 V. "state system" means the retirement programs
9 provided for in the Public Employees Retirement Act, the
10 Magistrate Retirement Act and the Judicial Retirement Act;

11 W. "state retirement system acts" means
12 collectively the Public Employees Retirement Act, the
13 Magistrate Retirement Act, the Judicial Retirement Act and the
14 Volunteer Firefighters Retirement Act; and

15 X. "survivor beneficiary" means a person who
16 receives a pension or who has been designated to be paid a
17 pension as a result of the death of a member or retired
18 member."

19 SECTION 3. Section 10-11-27 NMSA 1978 (being Laws 1987,
20 Chapter 253, Section 27, as amended by Laws 2003, Chapter 268,
21 Section 9 and by Laws 2003, Chapter 269, Section 1) is amended
22 to read:

23 "10-11-27. STATE [~~POLICE MEMBER AND ADULT CORRECTIONAL~~]
24 OFFICER MEMBER COVERAGE PLAN 1--APPLICABILITY.--

25 A. State [~~police member and adult correctional~~]

1 officer member coverage plan 1 is applicable to:

2 (1) state police members who are not
3 specifically covered by another coverage plan; ~~and~~

4 (2) adult correctional officer members;

5 (3) motor transportation officer members; and

6 (4) special investigations division officer

7 members. The credited service of a state police member who has

8 held the permanent rank of patrolman, sergeant, lieutenant or

9 captain and does not hold an exempt rank or who is assigned to

10 the aircraft division as a pilot, ~~or~~ and the credited service

11 of an adult correctional officer member, a motor transportation

12 officer member or a special investigations division officer

13 member, shall have actual credited service increased by twenty

14 percent for the purposes of state ~~[police member and adult~~

15 ~~correctional]~~ officer member coverage plan 1.

16 B. State ~~[police member and adult correctional]~~

17 officer member coverage plan 1 is applicable to:

18 (1) adult correctional officer members in the

19 first full pay period after July 1, 2004 if the retirement

20 board certifies to the secretary of state that, of those adult

21 correctional officer members to be covered under state ~~[police~~

22 ~~member and adult correctional]~~ officer member coverage plan 1,

23 a majority of the members voting ~~[have]~~ has voted to approve

24 adoption of that plan at an election conducted pursuant to

25 ~~[Section 16 of this 2003 act]~~ Laws 2003, Chapter 268, Section

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1 16;

2 (2) motor transportation officer members in
3 the first full pay period after January 1, 2013 if the
4 retirement board certifies to the secretary of state that, of
5 those motor transportation officer members to be covered under
6 state officer member coverage plan 1, a majority of the members
7 voting has voted to approve adoption of that plan at an
8 election conducted pursuant to Section 9 of this 2012 act; and

9 (3) special investigations division officer
10 members in the first full pay period after January 1, 2013 if
11 the retirement board certifies to the secretary of state that,
12 of those special investigations division officer members to be
13 covered under state officer member coverage plan 1, a majority
14 of the members voting has voted to approve adoption of that
15 plan at an election conducted pursuant to Section 10 of this
16 2012 act."

17 SECTION 4. Section 10-11-27.1 NMSA 1978 (being Laws 2003,
18 Chapter 268, Section 10) is amended to read:

19 "10-11-27.1. STATE [~~POLICE MEMBER AND ADULT CORRECTIONAL~~]
20 OFFICER MEMBER COVERAGE PLAN 1--SERVICE CREDIT REQUIRED.--

21 Notwithstanding the provisions of Section 10-11-27 NMSA 1978,
22 to qualify for payment under state [~~police member and adult~~
23 ~~correctional~~] officer member coverage plan 1:

24 A. an adult correctional officer member shall have
25 eighteen months of service credit earned under the state

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1 ~~[police member and adult correctional]~~ officer member coverage
2 plan 1 subsequent to July 1, 2004;

3 B. a motor transportation officer member shall have
4 twenty-four months of service credit earned under state officer
5 member coverage plan 1 subsequent to January 1, 2013; and

6 C. a special investigations division officer member
7 shall have twenty-four months of service credit earned under
8 state officer member coverage plan 1 subsequent to January 1,
9 2013."

10 SECTION 5. Section 10-11-28 NMSA 1978 (being Laws 1987,
11 Chapter 253, Section 28, as amended) is amended to read:

12 "10-11-28. STATE ~~[POLICE MEMBER AND ADULT CORRECTIONAL]~~
13 OFFICER MEMBER COVERAGE PLAN 1--AGE AND SERVICE REQUIREMENTS
14 FOR NORMAL RETIREMENT.--Under state ~~[police member and adult~~
15 ~~correctional]~~ officer member coverage plan 1, the age and
16 service requirements for normal retirement are:

17 A. age sixty-five years or older and five or more
18 years of credited service;

19 B. age sixty-four years and eight or more years of
20 credited service;

21 C. age sixty-three years and eleven or more years
22 of credited service;

23 D. age sixty-two years and fourteen or more years
24 of credited service;

25 E. age sixty-one years and seventeen or more years

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1 of credited service;

2 F. age sixty years and twenty or more years of
3 credited service; or

4 G. any age and twenty-five or more years of
5 credited service."

6 SECTION 6. Section 10-11-29 NMSA 1978 (being Laws 1987,
7 Chapter 253, Section 29, as amended) is amended to read:

8 "10-11-29. STATE [~~POLICE MEMBER AND ADULT CORRECTIONAL~~]
9 OFFICER MEMBER COVERAGE PLAN 1--AMOUNT OF PENSION--FORM OF
10 PAYMENT A.--Under state [~~police member and adult correctional~~]
11 officer member coverage plan 1, the amount of pension under
12 form of payment A is equal to three percent of final average
13 salary multiplied by credited service. The amount shall not
14 exceed eighty percent of the final average salary."

15 SECTION 7. Section 10-11-31 NMSA 1978 (being Laws 1987,
16 Chapter 253, Section 31, as amended) is amended to read:

17 "10-11-31. STATE [~~POLICE MEMBER AND ADULT CORRECTIONAL~~]
18 OFFICER MEMBER COVERAGE PLAN 1--MEMBER CONTRIBUTION RATE.--A
19 member under state [~~police member and adult correctional~~]
20 officer member coverage plan 1 shall contribute seven and six-
21 tenths percent of salary, except that for members whose annual
22 salary is greater than twenty thousand dollars (\$20,000):

23 A. from July 1, 2009 through June 30, 2011, the
24 member contribution rate shall be nine and one-tenth percent of
25 salary;

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1 B. from July 1, 2011 through June 30, 2012, the
2 member contribution rate shall be ten and eighty-five
3 hundredths percent of salary; and

4 C. from July 1, 2012 through June 30, 2013, the
5 member contribution rate shall be nine and one-tenth percent of
6 salary."

7 **SECTION 8.** Section 10-11-32 NMSA 1978 (being Laws 1987,
8 Chapter 253, Section 32, as amended) is amended to read:

9 "10-11-32. STATE [~~POLICE MEMBER AND ADULT CORRECTIONAL~~
10 OFFICER MEMBER COVERAGE PLAN 1--STATE CONTRIBUTION RATE.--The
11 state shall contribute twenty-five and one-tenth percent of the
12 salary of each member under state [~~police member and adult~~
13 ~~correctional~~] officer member coverage plan 1, except that for
14 members whose annual salary is greater than twenty thousand
15 dollars (\$20,000):

16 A. from July 1, 2009 through June 30, 2011, the
17 state contribution rate shall be twenty-three and six-tenths
18 percent of the salary of each member;

19 B. from July 1, 2011 through June 30, 2012, the
20 state contribution rate shall be twenty-one and eighty-five
21 hundredths percent of the salary of each member; and

22 C. from July 1, 2012 through June 30, 2013, the
23 state contribution rate shall be twenty-three and six-tenths
24 percent of the salary of each member."

25 **SECTION 9.** TEMPORARY PROVISION--STATE OFFICER MEMBER

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1 COVERAGE PLAN 1--ELECTIONS.--On or before October 1, 2012, the
2 public employees retirement board shall conduct an election to
3 submit to motor transportation officer members currently
4 contributing under state general member coverage plan 3 the
5 question of adopting state officer member coverage plan 1. The
6 election shall be conducted in accordance with procedures
7 adopted by the public employees retirement board, and the
8 retirement board shall certify the results of the election to
9 the secretary of state on or before November 1, 2012.

10 SECTION 10. TEMPORARY PROVISION--STATE OFFICER MEMBER
11 COVERAGE PLAN 1--ELECTION.--On or before October 1, 2012, the
12 public employees retirement board shall conduct an election to
13 submit to special investigations division officer members
14 currently contributing under state general member coverage plan
15 3 the question of adopting state officer member coverage plan
16 1. The election shall be conducted in accordance with
17 procedures adopted by the public employees retirement board,
18 and the retirement board shall certify the results of the
19 election to the secretary of state on or before November 1,
20 2012.

21 SECTION 11. REPEAL.--Laws 2009, Chapter 287, Section 2 is
22 repealed.

23 SECTION 12. EFFECTIVE DATE.--The effective date of the
24 provisions of this act is July 1, 2012.