



NEW MEXICO LEGISLATURE

INVESTMENTS AND
PENSIONS OVERSIGHT
COMMITTEE

2022 INTERIM FINAL REPORT

LEGISLATIVE COUNCIL SERVICE
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INTERIM SUMMARY

Investments and Pensions Oversight Committee 2022 Interim Summary

The Investments and Pensions Oversight Committee met six times during the 2022 interim. The committee received testimony relating to fund solvency and fiscal sustainability of the funds managed by the Public Employees Retirement Association (PERA), the Educational Retirement Board (ERB) and the Retiree Health Care Authority (RHCA). The committee received expert testimony during the interim on several topics relating to pensions, state investments and bond rating considerations.

The committee received updates from the PERA, the ERB, the State Investment Council, the Small Business Investment Corporation, the RHCA, the Economic Development Department and the New Mexico Finance Authority.

The committee also focused time to discuss the topic of return to work, specifically for retired members subject to the Public Employees Retirement Act. Interested parties, including unions, local governments, active employees, employers and retirees, provided testimony on the topic. At the final meeting of the interim, legislation on the subject of return to work was ultimately not endorsed.

Additionally, at that final meeting of the interim, the committee did endorse legislation to increase contribution rates pursuant to the Retiree Health Care Act and provide technical changes to the Educational Retirement Act relating to procurement, alternative retirement plan eligibility and Internal Revenue Code compliance.

WORK PLAN AND MEETING SCHEDULE

**2022 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

The Investments and Pensions Oversight Committee (IPOC) was created by the New Mexico Legislative Council on April 26, 2022. Committee members are as follows:

Members

Rep. Patricia Roybal Caballero, Chair	Sen. Stuart Ingle
Sen. Roberto "Bobby" J. Gonzales, Vice Chair	Sen. Daniel A. Ivey-Soto
Rep. Phelps Anderson	Rep. William "Bill" R. Rehm
Sen. William F. Burt	Sen. Antoinette Sedillo Lopez
Rep. Christine Chandler	Rep. Linda Serrato
Rep. Natalie Figueroa	Sen. Elizabeth "Liz" Stefanics
Rep. Miguel P. Garcia	

Advisory Members

Rep. Rachel A. Black	Sen. Michael Padilla
Sen. Jacob R. Candelaria	Sen. Shannon D. Pinto
Rep. Doreen Y. Gallegos	Sen. Mimi Stewart
Sen. Steven P. Neville	

Work Plan

During the 2022 interim, the IPOC will:

- (1) receive reports from the Public Employees Retirement Association (PERA), the Educational Retirement Board (ERB) and the Retiree Health Care Authority (RHCA) on each agency's sustainability and solvency;
- (2) receive reports from the State Investment Council, the Office of the State Treasurer, the PERA, the ERB and the RHCA on the value and investment of the funds managed by each respective agency;
- (3) review the current investment and administrative structure of the existing pension and retirement benefit programs and receive testimony on the challenges and strengths of those structures and potential alternatives, including:
 - the organization of the state agencies responsible for the pension programs and testimony related to the arguments for and against consolidating certain functions of those agencies;
 - the qualifications and performance of the investment staff and the boards of trustees for the pension agencies;
 - a review of retirement, pension and investment plans from other states to compare and determine the efficiency of and potential improvements to the state's pension programs;

- testimony relating to retiree health care and prescription drug costs and information about the effectiveness of the Interagency Benefits Advisory Committee at controlling costs;
- the effect of implementing alternative retirement savings programs; and
- common best practices for investment qualifications and investment policies to ensure quality and transparency;

(4) receive testimony on recent legislative changes to the state's pension programs along with an evaluation of projections made at the time of those changes and actual results, including return-to-work policies and the effect of those policies on the actuarial valuation of the respective funds, changes to the structure of cost-of-living adjustments for PERA retirees and changes in employee and employer contribution rates;

(5) receive testimony on issues relevant to the investment of public funds and the administration of pension programs;

(6) review proposals relating to alternative means of investing and capitalizing state funds, including legislation to establish a public bank;

(7) consider legislation relevant to these topics; and

(8) as necessary, examine other issues relevant to the investment of public funds and the administration of pension programs.

**Investments and Pensions Oversight Committee
2022 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
May 16	Santa Fe
July 7	Santa Fe
August 15	Santa Fe
September 6	Santa Fe
October 11	Santa Fe
November 3	Santa Fe

AGENDAS AND MINUTES

Revised: May 12, 2022

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**May 16, 2022
State Capitol, Room 307
Santa Fe**

Monday, May 16

- 10:00 a.m. **Call to Order and Committee Introductions**
—Representative Patricia Roybal Caballero, Chair
—Senator Roberto "Bobby" J. Gonzales, Vice Chair
- 10:15 a.m. (1) **[Proposed 2022 Interim Work Plan and Meeting Schedule](#)**
—Investments and Pensions Oversight Committee Members
- 11:15 a.m. **Public Comment**
- 11:30 a.m. **Adjourn**

**MINUTES
of the
FIRST MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**May 16, 2022
State Capitol, Room 307
Santa Fe**

The first meeting of the Investments and Pensions Oversight Committee (IPOC) for the 2022 interim was called to order by Representative Patricia Roybal Caballero, chair, on Monday, May 16, 2022, at 10:11 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Rep. Patricia Roybal Caballero, Chair
Sen. Roberto "Bobby" J. Gonzales, Vice Chair
Rep. Christine Chandler
Rep. Miguel P. Garcia
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto
Sen. Antoinette Sedillo Lopez
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Phelps Anderson
Sen. William F. Burt
Rep. Natalie Figueroa
Rep. William "Bill" R. Rehm

Advisory Members

Sen. Shannon D. Pinto

Rep. Rachel A. Black
Sen. Jacob R. Candelaria
Rep. Doreen Y. Gallegos
Sen. Steven P. Neville
Sen. Michael Padilla
Sen. Mimi Stewart

Staff

Anthony Montoya, Staff Attorney, Legislative Council Service (LCS)
Carrie McGovern, Researcher, LCS
Lenaya Montoya, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, May 16

Proposed 2022 Interim Work Plan and Meeting Schedule (10:16 a.m.)

Mr. Montoya and IPOC committee members engaged in a discussion regarding the committee's 2022 proposed interim work plan and meeting schedule. The document can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20051622%20Item%201%20Proposed%20Work%20Plan.pdf>.

On a motion made by Senator Gonzales, seconded by Senator Stefanics and with no opposition, the committee members voted to adopt the 2022 interim work plan and meeting schedule as discussed during the meeting.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 10:48 a.m.

Revised: July 6, 2022

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**July 7, 2022
State Capitol, Room 322
Santa Fe**

Thursday, July 7

- 9:00 a.m. **Call to Order and Introductions**
—Representative Patricia Roybal Caballero, Chair
—Senator Roberto "Bobby" J. Gonzales, Vice Chair
- 9:15 a.m. (1) **Legislative Finance Committee (LFC) Investment Performance Report**
—Jennifer Faubion, Economist, LFC
- 10:00 a.m. (2) **Return-to-Work Provisions for Educational Retirees: Update on Recent Changes**
—David Archuleta, Executive Director, Educational Retirement Board
- 10:45 a.m. (3) **Overview and Discussion of a Proposal for a Public Bank of New Mexico**
—Angela Merkert, Executive Director, Alliance for Local Economic Prosperity
—Harold Dixon, Former President and Chief Executive Officer, State Employees Credit Union
- 12:15 p.m. **Lunch**
- 1:15 p.m. (4) **Economic Development Funding as Strategic State Investments**
—Jon Clark, Deputy Secretary, Economic Development Department (EDD)
—Mark Roper, Director, Economic Development Division, EDD
—Johanna Nelson, Strategic Programs Manager, EDD
- 2:45 p.m. (5) **Retiree Health Care Authority (RHCA): Update and Review of Health Care and Prescription Drug Costs**
—Neil Kueffer, Executive Director, RHCA
- 3:45 p.m. **Public Comment***

4:00 p.m.

Adjourn

*Members of the public may make comments during the public comment portion of the meeting by clicking the video icon beneath the meeting agenda on the Investments and Pensions Oversight Committee [web page](#) and following instructions under the "Extra Information" section.

**MINUTES
of the
SECOND MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**July 7, 2022
State Capitol, Room 322
Santa Fe**

The second meeting of the Investments and Pensions Oversight Committee for the 2022 interim was called to order by Representative Patricia Roybal Caballero, chair, on Thursday, July 7, 2022, at 9:14 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Rep. Patricia Roybal Caballero, Chair
Sen. Roberto "Bobby" J. Gonzales, Vice Chair
Rep. Phelps Anderson (via Zoom)
Rep. Natalie Figueroa
Rep. Miguel P. Garcia
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez
Sen. Elizabeth "Liz" Stefanics

Absent

Sen. William F. Burt
Rep. Christine Chandler
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto
Rep. Linda Serrato

Advisory Members

Rep. Rachel A. Black

Sen. Jacob R. Candelaria
Rep. Doreen Y. Gallegos
Sen. Steven P. Neville
Sen. Michael Padilla
Sen. Shannon D. Pinto
Sen. Mimi Stewart

Staff

Anthony Montoya, Staff Attorney, Legislative Council Service (LCS)
Rebecca Griego, Records Officer, LCS
Carrie McGovern, Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

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Thursday, July 7

Legislative Finance Committee (LFC) Investment Performance Report (9:17 a.m.)

Jennifer Faubion, economist, LFC, provided an investment performance report for the third quarter of fiscal year 2022 (the period of January 1 through March 31) for the Public Employees Retirement Association, the Educational Retirement Board (ERB), the Land Grant Permanent Fund and the Severance Tax Permanent Fund. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/7/2022&ItemNumber=1>.

Return-to-Work Provisions for Educational Retirees: Update on Recent Changes (10:22 a.m.)

David Archuleta, executive director, ERB, updated committee members on the following legislation enacted during the 2022 regular session: House Bill 73, which expands return-to-work provisions for educational retirees, and Senate Bill 36, which increases employer contributions into the Educational Retirement Fund. The ERB provided testimony that the return-to-work provisions resulted in vacant positions being filled by individuals returning to work and a net positive impact to the funded status of the Educational Retirement Fund. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20070722%20Item%202%20Educational%20Retirement%20Board.pdf>.

Overview and Discussion of a Proposal for a Public Bank of New Mexico (11:15 a.m.)

Elaine Sullivan, board president, Alliance for Local Economic Prosperity, and Harold Dixon, former president and chief executive officer, State Employees Credit Union, gave a presentation on a proposal to create a public bank of New Mexico and outlined the possible benefits of a public bank. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20070722%20Item%203%20Public%20Bank.pdf>.

Public Comment (11:44 a.m.)

Paul Gibson, co-founder, Retake Our Democracy, spoke in favor of establishing a public bank of New Mexico and noted that it could help community banks throughout the state provide loans.

Nancy M. Bearce, treasurer, Bernalillo County, also voiced her support for a public bank of New Mexico, calling it a "banker's bank" that would support other banks.

Hamilton Brown, a retired physician from Taos, said that a public bank of New Mexico could provide funding for local businesses and electric cooperatives and added that legislation creating a public bank could include a sunset provision that terminates the bank if it does not perform as intended.

Curt Johnson, former South Dakota commissioner of school and public lands, expressed support for a public bank of New Mexico and noted the successes of the Bank of North Dakota, which has existed for over 100 years and is the first public bank in the United States.

Economic Development Funding as Strategic State Investments (1:52 p.m.)

Jon Clark, deputy secretary, Economic Development Department (EDD); Mark Roper, director, Economic Development Division, EDD; and Johanna Nelson, strategic programs manager, EDD, presented on how economic development funding is a strategic state investment, highlighting several successes of the EDD's economic development programs, including the Job Training Incentive Program, Local Economic Development Act projects, the Collateral Assistance Program and the New Mexico MainStreet Program. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20070722%20Item%204%20Economic%20Development%20Funding%20as%20Investments.pdf>.

Approval of Minutes (3:43 p.m.)

On a motion made by Senator Gonzales and seconded by Representative Rehm, and without opposition, the minutes of the May 16, 2022 meeting were approved as submitted.

Retiree Health Care Authority (RHCA): Update and Review of Health Care and Prescription Drug Costs (3:44 p.m.)

Neil Kueffer, executive director, RHCA, provided an overview of recent events and cost-containment strategies at the RHCA, including an update on health care and prescription drug costs. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20070722%20Item%205%20Retiree%20Health%20Care%20Authority.pdf>.

Adjournment

There being no further business before the committee, the meeting adjourned at 4:23 p.m.

**TENTATIVE AGENDA
for the
THIRD MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**August 15, 2022
State Capitol, Room 322
Santa Fe**

Monday, August 15

- 10:00 a.m. **Call to Order and Introductions**
—Representative Patricia Roybal Caballero, Chair
—Senator Roberto "Bobby" J. Gonzales, Vice Chair
- 10:15 a.m. (1) **State Treasurer's Office (STO): Update**
—Tim Eichenberg, State Treasurer, STO
—Vikki Y. Hanges, Chief Investment Officer, STO
—Anna Murphy, Senior Portfolio Manager, STO
- 11:00 a.m. (2) **State Investment Council (SIC): Update on Funds Managed by the SIC, Investment Returns and Market Outlook**
—Steven K. Moise, State Investment Officer, SIC
—Robert "Vince" Smith, Chief Investment Officer and Deputy State Investment Officer, SIC
—Charles V. Wollmann, Director, Communications, Legislative and Client Relations, SIC
- 12:00 noon **Lunch**
- 1:15 p.m. (3) **Public Employees Retirement Association (PERA): Agency and Senate Bill 72 (2020) Update**
—Greg Trujillo, Executive Director, PERA
- 1:45 p.m. (4) **PERA: SmartSave 457(b) Deferred Compensation Plan**
—Karyn Lujan, PERA SmartSave Deferred Compensation Plan Manager, PERA
- 2:30 p.m. (5) **New Mexico Work And Save: Update**
—Isaiah Zemke, Acting Chair, New Mexico Work and Save Board
—Claudia Armijo, Executive Director, New Mexico Work and Save, STO
- 3:15 p.m. **Public Comment***

3:30 p.m.

Adjourn

*Members of the public may make comments during the public comment portion of the meeting by clicking the video icon beneath the meeting agenda on the Investments and Pensions Oversight Committee [web page](#) and following instructions under the "Extra Information" section.

**MINUTES
of the
THIRD MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**August 15, 2022
State Capitol, Room 322
Santa Fe**

The third meeting of the Investments and Pensions Oversight Committee for the 2022 interim was called to order by Representative Patricia Roybal Caballero, chair, on Monday, August 15, 2022, at 10:08 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Rep. Patricia Roybal Caballero, Chair
Sen. Roberto "Bobby" J. Gonzales, Vice Chair
Rep. Phelps Anderson
Rep. Christine Chandler
Rep. Natalie Figueroa
Rep. Miguel P. Garcia
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez
Sen. Elizabeth "Liz" Stefanics

Absent

Sen. William F. Burt
Rep. Linda Serrato

Advisory Members

Rep. Rachel A. Black
Sen. Michael Padilla

Sen. Jacob R. Candelaria
Rep. Doreen Y. Gallegos
Sen. Steven P. Neville
Sen. Shannon D. Pinto
Sen. Mimi Stewart

Staff

Anthony Montoya, Staff Attorney, Legislative Council Service (LCS)
Martin Fischer, Bill Drafter, LCS
Rebecca Griego, Records Officer, LCS
Carrie McGovern, Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

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Monday, August 15

State Treasurer's Office (STO): Update (10:14 a.m.)

Tim Eichenberg, state treasurer, STO; Vikki Y. Hanges, chief investment officer, STO; and Anna Murphy, senior portfolio manager, STO, provided an overview of recent investment activities at the STO, including that the agency has over \$14 billion in total assets managed in 2022, compared to \$9 billion in total assets managed in 2021. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20081522%20Item%201%20State%20Treasurer's%20Office%20Update.pdf>.

State Investment Council (SIC): Update on Funds Managed by the SIC, Investment Returns and Market Outlook (11:18 a.m.)

Steven K. Moise, state investment officer, SIC; Robert "Vince" Smith, chief investment officer and deputy state investment officer, SIC; and Charles V. Wollmann, director, Communications, Legislative and Client Relations, SIC, provided an update on the performance of various funds managed by the SIC, as well as a positive report on investment returns. While there were record-breaking inflows into the permanent funds, especially the Land Grant Permanent Fund, the presenters noted that a recession is possible in the near future. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20081522%20Item%202%20SIC%20Update.pdf>.

Approval of Minutes

On a motion made and seconded, the minutes of the July 7, 2022 meeting were approved with the following amendment to the Return-to-Work Provisions for Educational Retirees: Update on Recent Changes presentation:

"The ERB provided testimony that the return-to-work provisions resulted in vacant positions being filled by individuals returning to work and a net positive impact to the funded status of the Educational Retirement Fund."

Public Employees Retirement Association (PERA): Agency and Senate Bill 72 (2020) Update (1:51 p.m.)

Greg Trujillo, executive director, PERA, spoke about governance changes at the PERA Board of Trustees and improvements to the retirement fund's funded ratio and funding period

due to pension reform provisions enacted in Senate Bill 72 in the 2020 regular session. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20081522%20Item%203%20PERA%20Update.pdf>.

PERA: SmartSave 457(b) Deferred Compensation Plan (2:52 p.m.)

Karyn Lujan, manager, PERA SmartSave Deferred Compensation Plan, PERA, provided an update on the SmartSave plan's fiscal year (FY) 2022 activity and initiatives planned for FY 2023. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20081522%20Item%204%20SmartSave.pdf>.

New Mexico Work and Save: Update (3:18 p.m.)

Isaiah Zemke, acting chair, New Mexico Work and Save Board, and Claudia Armijo, executive director, New Mexico Work and Save, STO, illustrated the progress made in the past year on the implementation of the New Mexico Work and Save private sector retirement program, which is expected to be fully operational by July 1, 2024. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20081522%20Item%205%20New%20Mexico%20Work%20and%20Save%20Update.pdf>.

Adjournment

There being no further business before the committee, the meeting adjourned at 4:22 p.m.

Revised: September 6, 2022

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**September 6, 2022
State Capitol, Room 307
Santa Fe**

Tuesday, September 6

- 10:00 a.m. **Call to Order and Introductions**
—Representative Patricia Roybal Caballero, Chair
—Senator Roberto "Bobby" J. Gonzales, Vice Chair
- 10:05 a.m. (1) **Small Business Investment Corporation (SBIC): Update**
—Russell Cummins, Executive Director and Investment Advisor, SBIC
- 11:00 a.m. (2) **New Mexico Finance Authority (NMFA): Recovery and New Investment and Lending Programs**
—Marquita Russel, Chief Executive Officer, NMFA
- 12:15 p.m. **Lunch**
- 1:30 p.m. (3) **Return to Work Under the Public Employees Retirement Act**
A. Overview: Public Employees Retirement Association (PERA)
—Greg Trujillo, Executive Director, PERA
B. Update on House Memorial 35 (2022) Task Force
—W. Troy Weisler, Deputy Chief, Strategic Development, Special Projects and Recruiting, New Mexico State Police Division, Department of Public Safety
C. Communications Workers of America (CWA)
—Dan Secrist, President, Local 7076, CWA
D. American Federation of State, County and Municipal Employees (AFSCME)
—Carter Bundy, Political Action Representative, AFSCME
—Josh Anderson, Political Action Coordinator, AFSCME
E. Albuquerque Police Officers' Association (APOA)
—Shaun Willoughby, President, APOA
F. County Perspective
—Steve Kopelman, Executive Director, New Mexico Association of Counties

G. Municipal Perspective

—Alison Nichols, Director of Policy, New Mexico Municipal League

—Jack Torres, Mayor, Town of Bernalillo

—Steve Hebbe, Chief, Farmington Police Department

H. Legislative Proposals

—Representative William "Bill" R. Rehm

3:30 p.m. **Public Comment***

4:00 p.m. **Adjourn**

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**MINUTES
of the
FOURTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**September 6, 2022
State Capitol, Room 307
Santa Fe**

The fourth meeting of the Investments and Pensions Oversight Committee for the 2022 interim was called to order by Representative Patricia Roybal Caballero, chair, on Tuesday, September 6, 2022, at 10:18 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Rep. Patricia Roybal Caballero, Chair
Sen. Roberto "Bobby" J. Gonzales, Vice Chair
Rep. Christine Chandler
Rep. Natalie Figueroa
Rep. Miguel P. Garcia
Sen. Stuart Ingle
Rep. William "Bill" R. Rehm
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Phelps Anderson
Sen. William F. Burt
Sen. Daniel A. Ivey-Soto
Sen. Antoinette Sedillo Lopez
Rep. Linda Serrato

Advisory Members

Rep. Rachel A. Black

Sen. Jacob R. Candelaria
Rep. Doreen Y. Gallegos
Sen. Steven P. Neville
Sen. Michael Padilla
Sen. Shannon D. Pinto
Sen. Mimi Stewart

Staff

Anthony Montoya, Staff Attorney, Legislative Council Service (LCS)
Rebecca Griego, Records Officer, LCS
Carrie McGovern, Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

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References to Webcast

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Tuesday, September 6

Small Business Investment Corporation (SBIC): Update (10:20 a.m.)

Russell Cummins, executive director and investment advisor, SBIC, provided an update regarding the SBIC, noting that the SBIC has been focusing more on making loans to small businesses, especially during the COVID-19 pandemic. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20090622%20Item%201%20SBIC%20Update.pdf>.

New Mexico Finance Authority (NMFA): Recovery and New Investment and Lending Programs (11:26 a.m.)

Marquita Russel, chief executive officer, NMFA, updated the committee on two new investment and lending programs enacted during the 2022 regular legislative session, the Opportunity Enterprise Act and the Venture Capital Program Act, as well as several ongoing economic stimulus, recovery and relief programs. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20090622%20Item%202%20NMFA%20Update.pdf>.

Approval of Minutes (12:22 p.m.)

On a motion made and seconded, and without opposition, the minutes of the August 15, 2022 meeting were approved as submitted.

Return to Work Under the Public Employees Retirement Act (1:37 p.m.)

Representative Roybal Caballero outlined how the afternoon roundtable discussion regarding return to work under the Public Employees Retirement Act would be structured.

A. Overview: Public Employees Retirement Association (PERA) (1:40 p.m.)

Greg Trujillo, executive director, PERA, and Ryan Falls, actuary and senior consultant, Gabriel, Roeder, Smith and Company, gave a presentation on the history of return-to-work provisions at the PERA. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20090622%20Item%203%20Overview%20PERA.pdf>.

Representative Rehm provided a summary of House Bill 50 (2022), which did not pass but which he intends to introduce during the 2023 regular legislative session, to allow retired PERA members to return to work for affiliated public employers under certain conditions.

B. Update on House Memorial 35 (2022) Task Force (1:56 p.m.)

W. Troy Weisler, deputy chief, Strategic Development, Special Projects and Recruiting, New Mexico State Police Division, Department of Public Safety, and Bob Martinez, former president, Albuquerque Lodge #1, New Mexico Fraternal Order of Police, updated the committee on House Memorial 35 (2022), which created a task force to assess and make recommendations to provide incentives for law enforcement officer retention or for lateral hiring of out-of-state law enforcement officers by New Mexico law enforcement agencies. The task force's report will be available in November.

C. Communications Workers of America (CWA) (2:19 p.m.)

Alan Tway, executive secretary, Local 7076, CWA, noted several concerns regarding return to work, including that retaining employees at the end of their careers does not address the recruitment of new employees interested in government careers.

D. American Federation of State, County and Municipal Employees (AFSCME) (2:21 p.m.)

Carter Bundy, political action representative, AFSCME, and Josh Anderson, political action coordinator, AFSCME, provided their perspectives on return to work, acknowledging that amending return-to-work provisions could have unintended consequences. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20090622%20Item%203%20AFSCME.pdf>

E. Albuquerque Police Officers' Association (APOA) (2:30 p.m.)

Shaun Willoughby, president, APOA, spoke about how past return-to-work initiatives have affected the Albuquerque Police Department as evidenced by wage stagnation and difficulty in recruiting new officers.

F. County Perspective (2:42 p.m.)

Steve Kopelman, executive director, New Mexico Association of Counties, and Julie Morgas Baca, county manager, Bernalillo County, discussed how return to work could be a short-term solution to understaffing around the state, particularly in county detention centers that are severely understaffed and in a crisis situation. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20090622%20Item%203%20County%20Perspective.pdf>

G. Municipal Perspective (2:49 p.m.)

Alison Nichols, director of policy, New Mexico Municipal League; Jack Torres, mayor, Town of Bernalillo; and Steve Hebbe, chief, Farmington Police Department, provided their perspectives on return to work and how it could improve staffing throughout the state, although they noted that return to work is not a perfect solution. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20090622%20Item%203%20Municipal%20Perspective.pdf>

H. Legislative Proposals (3:07 p.m.)

Representative Rehm gave some final observations on the return-to-work roundtable discussion. Background information presented can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20090622%20Item%203%20Legislative%20Proposals%20Background%20Information.pdf>.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:46 p.m.

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**October 11, 2022
State Capitol, Room 322
Santa Fe**

Tuesday, October 11

- 9:30 a.m. **Call to Order and Introductions**
—Representative Patricia Roybal Caballero, Chair
—Senator Roberto "Bobby" J. Gonzales, Vice Chair
- 9:40 a.m. (1) **Funding and Rating Considerations Regarding State Pension Obligations**
—Ashley Leach, Director, State Board of Finance
—David Paul, President, Fiscal Strategies Group, Inc.
- 10:55 a.m. (2) **Public Pension Issues and Trends**
—Alex Brown, Research Manager, National Association of State Retirement Administrators
- 12:25 p.m. **Public Comment***
- 12:30 p.m. **Adjourn**

*Members of the public may make comments during the public comment portion of the meeting by clicking the video icon beneath the meeting agenda on the Investments and Pensions Oversight Committee [web page](#) and following instructions under the "Extra Information" section.

**MINUTES
of the
FIFTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**October 11, 2022
State Capitol, Room 322
Santa Fe**

The fifth meeting of the Investments and Pensions Oversight Committee for the 2022 interim was called to order by Representative Patricia Roybal Caballero, chair, on Tuesday, October 11, 2022, at 9:44 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Rep. Patricia Roybal Caballero, Chair
Sen. Roberto "Bobby" J. Gonzales, Vice Chair
Rep. Phelps Anderson
Sen. William F. Burt
Rep. Natalie Figueroa
Sen. Stuart Ingle
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Christine Chandler
Rep. Miguel P. Garcia
Sen. Daniel A. Ivey-Soto
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez
Rep. Linda Serrato

Advisory Members

Rep. Rachel A. Black
Sen. Michael Padilla
Sen. Shannon D. Pinto

Sen. Jacob R. Candelaria
Rep. Doreen Y. Gallegos
Sen. Steven P. Neville
Sen. Mimi Stewart

Staff

Anthony Montoya, Staff Attorney, Legislative Council Service (LCS)
Rebecca Griego, Records Officer, LCS
Carrie McGovern, Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts and written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Tuesday, October 11

Funding and Rating Considerations Regarding State Pension Obligations (9:48 a.m.)

Ashley Leach, director, State Board of Finance; David Paul, president, Fiscal Strategies Group, Inc.; and Marcos Trujillo, deputy director, State Board of Finance, provided a presentation examining why public pensions have evolved to become more challenging to fund, as well as giving an overview of how Moody's and Standard and Poor's pension analyses and metrics have changed. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20101122%20Item%201%20Funding%20and%20Rating%20Considerations.pdf>.

Approval of Minutes (10:48 a.m.)

On a motion made and seconded, and without opposition, the minutes from the September 6, 2022 meeting were approved as submitted.

Public Pension Issues and Trends (10:50 a.m.)

Alex Brown, research manager, National Association of State Retirement Administrators, gave a presentation illustrating how New Mexico's public pension plans compare to those in other states and how some states are altering their pension plans to address the future solvency of those plans. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20101122%20Item%202%20Public%20Pension%20Trends.pdf>.

Adjournment

There being no further business before the committee, the meeting adjourned at 12:33 p.m.

Revised: November 1, 2022

**TENTATIVE AGENDA
for the
SIXTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**November 3, 2022
State Capitol, Room 322
Santa Fe**

Thursday, November 3

- 10:00 a.m. **Call to Order and Introductions**
—Representative Patricia Roybal Caballero, Chair
—Senator Roberto "Bobby" J. Gonzales, Vice Chair
- 10:15 a.m. (1) **[The Economic Impact of Public Pension Benefits](#)**
—Tyler Bond, Research Manager, National Institute on Retirement Security
- 11:15 a.m. (2) **[Retiree Health Care Authority \(RHCA\): Final Update and Legislative Proposal](#)**
—Neil Kueffer, Executive Director, RHCA
- 12:00 noon **Lunch**
- 1:00 p.m. (3) **[Educational Retirement Board \(ERB\): Final Update and Legislative Proposal](#)**
—David Archuleta, Executive Director, ERB
- 1:45 p.m. (4) **[Return-to-Work Legislative Proposals](#)**
—Representative William "Bill" R. Rehm
- 2:30 p.m. **Public Comment***
- 3:00 p.m. **Adjourn**

*Members of the public may make comments during the public comment portion of the meeting by clicking the video icon beneath the meeting agenda on the Investments and Pensions Oversight Committee [web page](#) and following instructions under the "Extra Information" section.

**MINUTES
of the
SIXTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**November 3, 2022
State Capitol, Room 322
Santa Fe**

The sixth meeting of the Investments and Pensions Oversight Committee for the 2022 interim was called to order by Representative Patricia Roybal Caballero, chair, on Thursday, November 3, 2022, at 10:14 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Rep. Patricia Roybal Caballero, Chair
Sen. Roberto "Bobby" J. Gonzales, Vice Chair
Rep. Phelps Anderson
Sen. William F. Burt
Rep. Christine Chandler
Rep. Natalie Figueroa
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Miguel P. Garcia
Rep. Linda Serrato

Advisory Members

Rep. Rachel A. Black
Sen. Michael Padilla
Sen. Shannon D. Pinto

Rep. Doreen Y. Gallegos
Sen. Steven P. Neville
Sen. Mimi Stewart

Staff

Anthony Montoya, Staff Attorney, Legislative Council Service (LCS)
Rebecca Griego, Records Officer, LCS
Carrie McGovern, Researcher, LCS

Minutes Approval

Because the committee will not meet again this year, the minutes for this meeting have not been officially approved by the committee.

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts and written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Thursday, November 3

The Economic Impact of Public Pension Benefits (10:23 a.m.)

Tyler Bond, research manager, National Institute on Retirement Security, discussed the results of two research reports: one that focuses on the raw dollar amounts of pension benefits at the county level in New Mexico; and another that measures the economic ripple effect of payments of defined benefit pension plans in New Mexico. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20110322%20Item%201%20Economic%20Impact%20of%20Pensions.pdf>.

Retiree Health Care Authority (RHCA): Final Update and Legislative Proposal (11:08 a.m.)

Neil Kueffer, executive director, RHCA, provided an update on the RHCA's finalized data from fiscal year (FY) 2022, as well as proposed legislation (.223383.1SA) that would increase employer and employee contributions into the Retiree Health Care Fund. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20110322%20Item%202%20Retiree%20Health%20Care%20Authority.pdf>.

Motion for Endorsement: Upon a motion made and seconded, the committee voted to endorse .223383.1SA as submitted, with Senator Stefanics voting 'no'.

Approval of Minutes (12:21 p.m.)

Upon a motion made and seconded, the minutes of the October 11, 2022 meeting were approved as submitted.

Return-to-Work Legislative Proposals (12:41 p.m.)

Representative Rehm provided the committee with two proposed bills for endorsement: one allowing all retired public employees to return to work under certain conditions (.223252.1);

and one allowing certain retired public safety employees to return to work under certain conditions (.223251.3). The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=11/3/2022&ItemNumber=4>.

During discussion, members amended .223252.1.

Motions for Endorsement: Upon a motion made and seconded, the committee failed to endorse .223251.3 as submitted, with Representatives Chandler, Figueroa and Roybal Caballero and Senators Ivey-Soto, Sedillo Lopez, Stefanics and Gonzales voting 'no'.

Upon a motion made and seconded, the committee failed to endorse .223252.1, as amended, with Representatives Chandler, Figueroa and Roybal Caballero and Senators Ivey-Soto, Sedillo Lopez, Stefanics and Gonzales voting 'no'.

Educational Retirement Board (ERB): Final Update and Legislative Proposal (1:46 p.m.)

David Archuleta, executive director, ERB, gave a presentation on final FY 2022 highlights for the ERB and proposed legislation (.223372.2SA) that would provide a Procurement Code exemption to allow pension administration system contracts to exceed four years, allow eligible employees of Southeast New Mexico College to participate in the ERB's alternative retirement plan and conform the required minimum distribution age to the federal Internal Revenue Code of 1986. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20110322%20Item%203%20Educational%20Retirement%20Board.pdf>.

Motion for Endorsement: Upon a motion made and seconded, the committee voted unanimously to endorse .223372.2SA as submitted.

Adjournment

There being no further business before the committee, the meeting adjourned at 1:57 p.m.

ENDORSED LEGISLATION

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_____ BILL

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

INTRODUCED BY

DISCUSSION DRAFT

ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

AN ACT

RELATING TO EDUCATIONAL RETIREMENT; PROVIDING AN EXCEPTION TO
ALLOW CERTAIN CONTRACTS OF THE EDUCATIONAL RETIREMENT BOARD TO
EXCEED FOUR YEARS PURSUANT TO THE PROCUREMENT CODE; ALLOWING
ELIGIBLE EMPLOYEES OF SOUTHEAST NEW MEXICO COLLEGE TO
PARTICIPATE IN THE ALTERNATIVE RETIREMENT PLAN; CONFORMING THE
REQUIRED MINIMUM DISTRIBUTION AGE TO THE FEDERAL INTERNAL
REVENUE CODE OF 1986.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 13-1-150 NMSA 1978 (being Laws 1984,
Chapter 65, Section 123, as amended) is amended to read:

"13-1-150. MULTI-TERM CONTRACTS--SPECIFIED PERIOD.--

A. A multi-term contract for items of tangible
personal property, construction or services except for
professional services, in an amount under twenty-five thousand

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1 dollars (\$25,000), may be entered into for any period of time
2 deemed to be in the best interests of the state agency or a
3 local public body not to exceed four years; provided that the
4 term of the contract and conditions of renewal or extension, if
5 any, are included in the specifications and funds are available
6 for the first fiscal period at the time of contracting. If the
7 amount of the contract is twenty-five thousand dollars
8 (\$25,000) or more, the term shall not exceed ten years,
9 including all extensions and renewals, except that for a
10 contract entered into pursuant to the Public Facility Energy
11 Efficiency and Water Conservation Act, the term shall not
12 exceed twenty-five years, including all extensions and
13 renewals. Payment and performance obligations for succeeding
14 fiscal periods shall be subject to the availability and
15 appropriation of funds therefor.

16 B. A contract for professional services may not
17 exceed four years, including all extensions and renewals,
18 except for the following:

19 (1) services required to support or operate
20 federally certified medicaid, financial assistance and child
21 support enforcement management information or payment systems;

22 (2) services to design, develop or implement
23 the taxation and revenue information management systems project
24 authorized by Laws 1997, Chapter 125;

25 (3) a multi-term contract for the services of

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1 trustees, escrow agents, registrars, paying agents, letter of
2 credit issuers and other forms of credit enhancement and other
3 similar services, excluding bond attorneys, underwriters and
4 financial advisors with regard to the issuance, sale and
5 delivery of public securities, may be for the life of the
6 securities or as long as the securities remain outstanding;

7 (4) services relating to the implementation,
8 operation and administration of the Education Trust Act;

9 (5) services relating to measurement and
10 verification of conservation-related cost savings and utility
11 cost savings pursuant to the Public Facility Energy Efficiency
12 and Water Conservation Act; ~~and~~

13 (6) services relating to the design and
14 engineering of a state public works project:

15 (a) for a period not to exceed the
16 requisite time for project completion and a subsequent warranty
17 period; and

18 (b) upon approval of the secretary of
19 finance and administration; and

20 (7) services required to design, develop,
21 implement or operate the pension administration system of the
22 educational retirement board."

23 SECTION 2. Section 22-11-2 NMSA 1978 (being Laws 1967,
24 Chapter 16, Section 126, as amended) is amended to read:

25 "22-11-2. DEFINITIONS.--As used in the Educational

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1 Retirement Act:

2 A. "member" means an employee, except for a
3 participant or a retired member, coming within the provisions
4 of the Educational Retirement Act;

5 B. "regular member" means:

6 (1) a person regularly employed by a state
7 educational institution, except for:

8 (a) a participant; or

9 (b) all employees of a general hospital
10 or outpatient clinics thereof operated by a state educational
11 institution named in Article 12, Section 11 of the constitution
12 of New Mexico;

13 (2) a person regularly employed by a junior
14 college or community college created pursuant to Chapter 21,
15 Article 13 NMSA 1978, except for a participant;

16 (3) a person regularly employed by a technical
17 and vocational institute created pursuant to the Technical and
18 Vocational Institute Act, except for a participant;

19 (4) a person regularly employed by the
20 New Mexico boys' school, the girls' welfare home, the Los Lunas
21 medical center or a school district or as a licensed school
22 employee of a state institution or agency providing an
23 educational program and holding a license issued by the
24 department, except for a participant;

25 (5) a person regularly employed by the

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1 department holding a license issued by the department at the
2 time of commencement of such employment;

3 (6) a member classified as a regular member in
4 accordance with the rules of the board;

5 (7) a person regularly employed by the New
6 Mexico activities association holding a license issued by the
7 department at the time of commencement of such employment; or

8 (8) a person regularly employed by a regional
9 education cooperative holding a license issued by the
10 department at the time of commencement of such employment;

11 C. "provisional member" means a person described in
12 Section 22-11-17 NMSA 1978;

13 D. "local administrative unit" means an employing
14 agency however constituted that is directly responsible for the
15 payment of compensation for the employment of members or
16 participants;

17 E. "beneficiary" means a person having an insurable
18 interest in the life of a member or a participant designated by
19 written instrument duly executed by the member or participant
20 and filed with the director to receive a benefit pursuant to
21 the Educational Retirement Act that may be received by someone
22 other than the member or participant;

23 F. "employment" means employment by a local
24 administrative unit that qualifies a person to be a member or
25 participant;

.223372.2SA

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1 G. "service employment" means employment that
2 qualifies a person to be a regular member;

3 H. "provisional service employment" means
4 employment that qualifies a person to be a provisional member;

5 I. "prior employment" means employment performed
6 prior to the effective date of the Educational Retirement Act
7 that would be service employment or provisional service
8 employment if performed thereafter;

9 J. "service credit" means that period of time with
10 which a member is accredited for the purpose of determining the
11 member's eligibility for and computation of retirement or
12 disability benefits;

13 K. "earned service credit" means that period of
14 time during which a member was engaged in employment or prior
15 employment with which the member is accredited for the purpose
16 of determining the member's eligibility for retirement or
17 disability benefits;

18 L. "allowed service credit" means that period of
19 time during which a member has performed certain nonservice
20 employment with which the member may be accredited, as provided
21 in the Educational Retirement Act, for the purpose of computing
22 retirement or disability benefits;

23 M. "retirement benefit" means an annuity paid
24 monthly to members whose employment has been terminated by
25 reason of their age;

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1 N. "disability benefit" means an annuity paid
2 monthly to members whose employment has been terminated by
3 reason of a disability;

4 O. "board" means the educational retirement board;

5 P. "fund" means the educational retirement fund;

6 Q. "director" means the educational retirement
7 director;

8 R. "medical authority" means a medical doctor or
9 medical review panel designated or employed by the board to
10 examine medical records and report on the medical condition of
11 applicants for or recipients of disability benefits;

12 S. "actuary" means a person trained and regularly
13 engaged in the occupation of calculating present and projected
14 monetary assets and liabilities under annuity or insurance
15 programs;

16 T. "actuarial equivalent" means a sum paid as a
17 current or deferred benefit that is equal in value to a regular
18 benefit, computed upon the basis of interest rates and
19 mortality tables;

20 U. "contributory employment" means employment for
21 which contributions have been made by both a member and a local
22 administrative unit pursuant to the Educational Retirement Act;

23 V. "qualifying state educational institution" means
24 the university of New Mexico, New Mexico state university, New
25 Mexico institute of mining and technology, New Mexico highlands

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1 university, eastern New Mexico university, western New Mexico
2 university, central New Mexico community college, Clovis
3 community college, Luna community college, Mesalands community
4 college, New Mexico junior college, northern New Mexico [~~state~~
5 ~~school~~] college, San Juan college, [~~and~~] Santa Fe community
6 college and southeast New Mexico college;

7 W. "participant" means:

8 (1) a person regularly employed as a faculty
9 or professional employee of the university of New Mexico, New
10 Mexico state university, New Mexico institute of mining and
11 technology, New Mexico highlands university, eastern New Mexico
12 university or western New Mexico university who first becomes
13 employed with such an educational institution on or after July
14 1, 1991, or a person regularly employed as a faculty or
15 professional employee of the central New Mexico community
16 college, Clovis community college, Luna community college,
17 Mesalands community college, New Mexico junior college,
18 northern New Mexico [~~state school~~] college, San Juan college or
19 Santa Fe community college who is first employed by the
20 institution on or after July 1, 1999, or a person regularly
21 employed as a faculty or professional employee of southeast New
22 Mexico college who is first employed by the institution on or
23 after July 1, 2023, and who elects, pursuant to Section
24 22-11-47 NMSA 1978, to participate in the alternative
25 retirement plan; and

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1 (2) a person regularly employed who performs
2 research or other services pursuant to a contract between a
3 qualifying state educational institution and the United States
4 government or any of its agencies who elects, pursuant to
5 Section 22-11-47 NMSA 1978, to participate in the alternative
6 retirement plan; provided that the research or other services
7 are performed outside the state;

8 X. "salary" means the compensation or wages paid to
9 a member or participant by any local administrative unit for
10 services rendered. "Salary" includes payments made for annual
11 or sick leave and payments for additional service provided to
12 related activities, but does not include payments for sick
13 leave not taken unless the payment for the unused sick leave is
14 made through continuation of the member on the regular payroll
15 for the period represented by that payment and does not include
16 allowances or reimbursements for travel, housing, food,
17 equipment or similar items;

18 Y. "alternative retirement plan" means the
19 retirement plan provided for in Sections 22-11-47 through
20 22-11-52 NMSA 1978; and

21 Z. "retired member" means a person whose employment
22 has been terminated by reason of age and who is receiving or is
23 eligible to receive retirement benefits."

24 SECTION 3. Section 22-11-30 NMSA 1978 (being Laws 1967,
25 Chapter 16, Section 153, as amended) is amended to read:

.223372.2SA

1 "22-11-30. RETIREMENT BENEFITS--REDUCTIONS.--

2 A. Retirement benefits for a member retired
3 pursuant to the Educational Retirement Act on or before
4 June 30, 1967 shall be paid monthly and shall be one-twelfth of
5 a sum equal to one and one-half percent of the first four
6 thousand dollars (\$4,000) of the member's average annual salary
7 and one percent of the remainder of the member's average annual
8 salary multiplied by the number of years of the member's total
9 service credit.

10 B. Retirement benefits for a member retired
11 pursuant to the Educational Retirement Act on or after July 1,
12 1967 but on or before June 30, 1971 shall be paid monthly and
13 shall be one-twelfth of a sum equal to one and one-half percent
14 of the first six thousand six hundred dollars (\$6,600) of the
15 member's average annual salary and one percent of the remainder
16 of the member's average annual salary multiplied by the number
17 of years of the member's total service credit.

18 C. Retirement benefits for a member retired
19 pursuant to the Educational Retirement Act on or after July 1,
20 1971 but on or before June 30, 1974 shall be paid monthly and
21 shall be one-twelfth of a sum equal to one and one-half percent
22 of the member's average annual salary multiplied by the number
23 of years of the member's total service credit.

24 D. Retirement benefits for a member retired
25 pursuant to the Educational Retirement Act on or before

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1 June 30, 1974 but returning to employment on or after July 1,
2 1974 for a cumulation of one or more years shall be computed
3 pursuant to Subsection E of this section. Retirement benefits
4 for a member retired pursuant to the Educational Retirement Act
5 on or before June 30, 1974 but returning to employment on or
6 after July 1, 1974 for a cumulation of less than one year shall
7 be computed pursuant to Subsection A of this section if the
8 member's date of last retirement was on or before June 30, 1967
9 or pursuant to Subsection B of this section if the member's
10 date of last retirement was on or after July 1, 1967 but not
11 later than June 30, 1971 or pursuant to Subsection C of this
12 section if the member's date of last retirement was on or after
13 July 1, 1971 but not later than June 30, 1974.

14 E. Retirement benefits for a member age sixty or
15 over, retired pursuant to the Educational Retirement Act on or
16 after July 1, 1974 but not later than June 30, 1987, shall be
17 paid monthly and shall be one-twelfth of a sum equal to:

18 (1) one and one-half percent of the member's
19 average annual salary multiplied by the number of years of
20 service credit for:

21 (a) prior employment; and
22 (b) allowed service credit for service
23 performed prior to July 1, 1957, except United States military
24 service credit purchased pursuant to Paragraph (3) of
25 Subsection A of Section 22-11-34 NMSA 1978; plus

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1 (2) two percent of the member's average annual
2 salary multiplied by the number of years of service credit for:

3 (a) contributory employment;
4 (b) allowed service credit for service
5 performed after July 1, 1957; and

6 (c) United States military service
7 credit for service performed prior to July 1, 1957 and
8 purchased pursuant to Paragraph (3) of Subsection A of Section
9 22-11-34 NMSA 1978.

10 F. Retirement benefits for a member age sixty or
11 over, retired pursuant to the Educational Retirement Act on or
12 after July 1, 1987 but not later than June 30, 1991, shall be
13 paid monthly and shall be one-twelfth of a sum equal to two and
14 fifteen-hundredths percent of the member's average annual
15 salary multiplied by the number of years of the member's total
16 service credit; provided that this subsection shall not apply
17 to any member who was retired in any of the four quarters
18 ending on June 30, 1987 without having accumulated not less
19 than 1.0 years earned service credit after June 30, 1987.

20 G. Retirement benefits for a member who retires
21 pursuant to Section 22-11-23 NMSA 1978 on or after July 1, 1991
22 shall be paid monthly and shall be one-twelfth of a sum equal
23 to two and thirty-five hundredths percent of the member's
24 average annual salary multiplied by the number of years of the
25 member's total service credit; provided that:

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1 (1) the benefit for a member who retires
2 pursuant to Paragraph (3) of Subsection A of Section 22-11-23
3 NMSA 1978 shall be reduced by:

4 (a) six-tenths percent for each one-
5 fourth, or portion thereof, year that retirement occurs prior
6 to the member attaining the age of sixty years but after the
7 member attains the age of fifty-five years; and

8 (b) one and eight-tenths percent for
9 each one-fourth, or portion thereof, year that retirement
10 occurs prior to the member attaining the age of fifty-five
11 years;

12 (2) the benefit formula provided in this
13 subsection shall not apply to any member who was retired in any
14 of the four consecutive quarters ending on June 30, 1991
15 without having accumulated at least one year of earned service
16 credit beginning on or after July 1, 1991; and

17 (3) a member shall be subject to the
18 provisions of Paragraph (1) of this subsection as they existed
19 at the beginning of the member's last cumulated four quarters
20 of earned service credit, regardless of later amendment.

21 H. Retirement benefits for a member who retires
22 pursuant to Section 22-11-23.1 NMSA 1978 shall be paid monthly
23 and shall be one-twelfth of a sum equal to two and thirty-five
24 hundredths percent of the member's average annual salary
25 multiplied by the number of years of the member's total service

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1 credit; provided that:

2 (1) the benefit for a member who retires
3 pursuant to Paragraph (3) of Subsection A of Section 22-11-23.1
4 NMSA 1978 shall be reduced by:

5 (a) six-tenths percent for each one-
6 fourth, or portion thereof, year that retirement occurs prior
7 to the member attaining the age of sixty-five years but after
8 the member attains the age of sixty years; and

9 (b) one and eight-tenths percent for
10 each one-fourth, or portion thereof, year that retirement
11 occurs prior to the member attaining the age of sixty years;
12 and

13 (2) a member shall be subject to the
14 provisions of Paragraph (1) of this subsection as they existed
15 at the beginning of the member's last cumulated four quarters
16 of earned service credit, regardless of later amendment.

17 I. Retirement benefits for a member who retires
18 pursuant to Section 22-11-23.2 NMSA 1978 shall be paid monthly
19 and shall be one-twelfth of a sum equal to two and thirty-five
20 hundredths percent of the member's average annual salary
21 multiplied by the number of years of the member's total service
22 credit; provided that:

23 (1) the benefit for a member retiring pursuant
24 to Paragraph (3) of Subsection A of Section 22-11-23.2 NMSA
25 1978 shall be reduced by:

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1 (a) six-tenths percent for each one-
2 fourth, or portion thereof, year that retirement occurs prior
3 to the member attaining the age of sixty-five years but after
4 the member attains the age of sixty years; and

5 (b) one and eight-tenths percent for
6 each one-fourth, or portion thereof, year that retirement
7 occurs prior to the member attaining the age of sixty years;
8 and

9 (2) a member shall be subject to the
10 provisions of Paragraph (1) of this subsection as they existed
11 at the beginning of the member's last cumulated four quarters
12 of earned service credit, regardless of later amendment.

13 J. Retirement benefits for a member who retires in
14 accordance with Section 22-11-23.3 NMSA 1978 shall be paid
15 monthly and:

16 (1) in an amount equal to one-twelfth of the
17 sum of the following:

18 (a) for the first ten years of the
19 member's service credit, one and thirty-five hundredths percent
20 of the member's average annual salary multiplied by the
21 member's years of service credit between one-fourth of a year
22 and ten years;

23 (b) for that portion of the member's
24 service credit earned after ten years of service credit and
25 through twenty years of service credit, two and thirty-five

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1 hundredths percent of the member's average annual salary
2 multiplied by the member's years of service credit between ten
3 and twenty years;

4 (c) for that portion of the member's
5 service credit earned after twenty years of service credit and
6 through thirty years of service credit, three and thirty-five
7 hundredths percent of the member's average annual salary
8 multiplied by the member's years of service credit between
9 twenty and thirty years; and

10 (d) for that portion of the member's
11 service credit earned after thirty years of service credit, two
12 and four-tenths percent of the member's average annual salary
13 multiplied by the member's years of service credit over thirty
14 years; or

15 (2) if the member retires in accordance with:

16 (a) Subsection A of Section 22-11-23.3
17 NMSA 1978 and is under fifty-eight years of age, in an amount
18 equal to the result determined under Paragraph (1) of this
19 subsection, but reduced to the actuarial equivalent, based on
20 what is at the time of the member's retirement the most current
21 set of actuarial factors determined by the board, of the
22 benefit the member would receive if the member had retired at
23 fifty-eight years of age;

24 (b) Subsection C of Section 22-11-23.3
25 NMSA 1978 and is sixty years of age or older and under sixty-

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1 five, in an amount equal to the result determined under
2 Paragraph (1) of this subsection, but reduced by six-tenths
3 percent for each one-fourth, or portion thereof, year before
4 the member reaches age sixty-five; or

5 (c) Subsection C of Section 22-11-23.3
6 NMSA 1978 and is younger than sixty years of age, in an amount
7 equal to one and eight-tenths percent for each one-fourth, or
8 portion thereof, year before the member reaches sixty years of
9 age.

10 K. In determining a member's average annual salary
11 for purposes of this section:

12 (1) the data set shall consist of the annual
13 salary of each of the last five years, or any consecutive five
14 years, for which contribution was made by the member, whichever
15 produces a higher result; and

16 (2) lump-sum payments made after July 1, 2010
17 of accrued sick leave or annual leave shall be excluded from
18 the calculation.

19 L. On and after July 1, 2019, if the member's
20 average annual salary is greater than sixty thousand dollars
21 (\$60,000):

22 (1) the salary in a first twelve-month
23 interval that occurs beginning July 1, 2019 or thereafter of
24 the five-year period used to determine the average annual
25 salary shall be adjusted to exclude any increase in salary in

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1 excess of thirty percent of the salary in the twelve
2 consecutive months of service credit preceding the five-year
3 period; and

4 (2) the salary in each of the four succeeding
5 twelve-month intervals that occur beginning July 1, 2019 or
6 thereafter of the five-year period, as adjusted to exclude any
7 increase in salary in the twelve months preceding each such
8 succeeding twelve-month interval that is in excess of the
9 thirty-percent limitation provided in this subsection, shall be
10 used to determine if the salary in that succeeding twelve-month
11 interval exceeds the thirty-percent limitation and to adjust
12 the salary to exclude any increase in excess of that limitation
13 in determining the average annual salary.

14 M. On July 1, 2020 and on each July 1 thereafter,
15 the salary threshold for applying the thirty-percent limitation
16 provided for in Subsection L of this section shall be adjusted
17 by applying an adjustment factor equal to the change in the
18 consumer price index between the next preceding calendar year
19 and the preceding calendar year if there is an increase in the
20 consumer price index between the next preceding calendar year
21 and the preceding calendar year.

22 N. ~~[Unless otherwise required by the Internal~~
23 ~~Revenue Code of 1986, a member shall begin receiving retirement~~
24 ~~benefits by age seventy years and six months, or upon~~
25 ~~termination of employment, whichever occurs later]~~

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1 Notwithstanding any provision of the Educational Retirement
2 Act, retirement benefits shall be distributed in accordance
3 with Section 401(a)(9) of the federal Internal Revenue Code of
4 1986, as amended, and the regulations thereunder, including the
5 minimum incidental death benefit restrictions of Section
6 401(a)(9)(G) of the Internal Revenue Code of 1986, as amended."

7 SECTION 4. Section 22-11-47 NMSA 1978 (being Laws 1991,
8 Chapter 118, Section 5, as amended) is amended to read:

9 "22-11-47. ALTERNATIVE RETIREMENT PLAN--ELECTION OF
10 COVERAGE.--

11 A. Beginning October 1, 1991, any employee of the
12 university of New Mexico, New Mexico state university, New
13 Mexico institute of mining and technology, New Mexico highlands
14 university, eastern New Mexico university or western New Mexico
15 university who is eligible to become a participant may make
16 within ninety days of that date an election to participate in
17 the alternative retirement plan. Beginning October 1, 1999, an
18 employee of central New Mexico community college, Clovis
19 community college, Luna community college, Mesalands community
20 college, New Mexico junior college, northern New Mexico
21 college, San Juan college or Santa Fe community college who is
22 eligible to become a participant may make an election to
23 participate in the alternative retirement plan within ninety
24 days of the initial date. Beginning October 1, 2023, an
25 employee of southeast New Mexico college who is eligible to

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1 become a participant may make an election to participate in the
2 alternative retirement plan within ninety days of the initial
3 date. Thereafter, any employee who is eligible to become a
4 participant may make within the first ninety days of employment
5 with a qualifying state educational institution an election to
6 participate in the alternative retirement plan. Any employee
7 who makes the election shall become a participant the first day
8 of the first pay period following the election. Any employee
9 who fails to make the election within ninety days of October 1,
10 1991, [~~or~~] October 1, 1999 or October 1, 2023, whichever is
11 applicable, or within the first ninety days of employment with
12 a qualifying state educational institution shall become or
13 remain a regular member if that employee is eligible to be a
14 regular member and shall not later be eligible to elect to be a
15 participant, regardless of whether the employee subsequently is
16 employed in another position that is eligible for participation
17 in the alternative retirement plan. Except as provided in
18 Subsection D of this section, an election to become a
19 participant is irrevocable.

20 B. Until the time an employee who is eligible to
21 become a participant elects to participate in the alternative
22 retirement plan, that employee shall be a regular member.

23 C. When an employee elects to become a participant,
24 any employer and employee contributions made as a regular
25 member shall be withdrawn from the fund and applied instead

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1 toward the alternative retirement plan as if the participant
2 had been participating in the alternative retirement plan from
3 the commencement of employment with the qualifying state
4 educational institution.

5 D. On July 1, 2009, any participant who has made
6 contributions to the alternative retirement plan for a
7 cumulative total of seven years or more shall have a one-time
8 option of electing to become a regular member. Thereafter,
9 once a participant has made contributions to the alternative
10 retirement plan for a cumulative total of seven years, a
11 participant shall have a one-time option of electing to become
12 a regular member. Participants electing to become regular
13 members shall exercise that option within one hundred twenty
14 days of the date of becoming eligible to elect to become a
15 regular member. Any amounts on deposit in an employee's
16 alternative retirement plan account when a participant becomes
17 a regular member shall remain on deposit with the contractor or
18 carrier subject to that plan's provisions, unless otherwise
19 provided by law. An employee who elects to become a regular
20 member under this subsection shall use the date on which the
21 employee was first employed with a qualifying state educational
22 institution for purposes of determining any retirement
23 eligibility requirement, provided that the employee:

24 (1) may not purchase service credit for
25 periods of employment during which the employee participated in

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1 the alternative retirement plan; and

2 (2) shall acquire not less than five years of
3 contributory employment as a regular member as provided for in
4 Section 22-11-24 NMSA 1978 to be eligible for retirement
5 benefits pursuant to the Educational Retirement Act.

6 E. The board shall approve the positions at each
7 qualifying state educational institution that are eligible for
8 participation in the alternative retirement plan."

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_____ BILL

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

INTRODUCED BY

DISCUSSION DRAFT

ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

AN ACT

RELATING TO RETIREE HEALTH CARE; INCREASING EMPLOYEE AND
EMPLOYER CONTRIBUTION RATES TO THE RETIREE HEALTH CARE FUND.

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
contributions to the fund pursuant to the following provisions:

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

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1 ~~[(a) one and three-tenths percent of~~
2 ~~each participating employee's salary for the period from July~~
3 ~~1, 2002 through June 30, 2010;~~

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

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

10 ~~(d)] two and thirty-three hundredths~~
11 ~~percent of each participating employee's salary [beginning July~~
12 ~~1, 2012];~~

13 (2) for participating employees who are
14 members of an enhanced retirement plan, the employer's
15 contribution shall equal

16 ~~[(a) one and three-tenths percent of~~
17 ~~each participating employee's salary for the period from July~~
18 ~~1, 2002 through June 30, 2010;~~

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

22 ~~(c) two and two hundred ninety-two~~
23 ~~thousandths percent of each participating employee's salary for~~
24 ~~the period from July 1, 2011 through June 30, 2012; and~~

25 ~~(d)] two and [one-half] ninety-three~~

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1 hundredths percent of each participating employee's salary
2 [~~beginning July 1, 2012~~]; and

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

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

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

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

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

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

23 [~~(d)~~] one and seventeen-hundredths percent
24 of the employee's salary [~~beginning July 1, 2012~~];

25 (2) for a participating employee who is a

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1 member of an enhanced retirement plan, the employee's
2 contribution shall equal

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

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

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

12 ~~(d)] one and [one-fourth] forty-seven~~
13 ~~hundredths percent of the employee's salary [beginning July 1,~~
14 ~~2012]; and~~

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

23 C. ~~[On or after July 1, 2009]~~ No person who has
24 obtained service credit pursuant to Subsection B of Section
25 10-11-6 NMSA 1978, Section 10-11-7 NMSA 1978 or Paragraph (3)

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

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

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

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

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1 G. Notwithstanding any other provision in the
2 Retiree Health Care Act and at the first session of the
3 legislature following July 1, 2013, the legislature shall
4 review and adjust the distributions pursuant to Section
5 [~~7-1-6.1~~] 7-1-6.30 NMSA 1978 and the employer and employee
6 contributions to the authority in order to ensure the actuarial
7 soundness of the benefits provided under the Retiree Health
8 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 and probation and parole officer
16 member coverage plan 1;

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

19 (c) municipal fire member coverage plan
20 3, 4 or 5; or

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

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

25 **SECTION 2. EFFECTIVE DATE.**--The effective date of the
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1 provisions of this act is July 1, 2023.

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LEGISLATIVE COUNCIL SERVICE
SANTA FE, NEW MEXICO