

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Taylor, J.G. DATE TYPED: 02/28/01 HB 759
SHORT TITLE: Judicial Retirement for Metro Court Judges SB _____
ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		NFI		

(Parenthesis () Indicate Revenue Decreases)

Conflicts with HB 597 adds an early retirement provision to the Magistrate Retirement Act.
Duplicates SB 657

SOURCES OF INFORMATION

Public Employees Retirement Association (PERA)
Administrative Office of the Courts (AOC)
Bernalillo County Metropolitan Court (BCMC)
State Personnel Office (SPO)

SUMMARY

Synopsis of Bill

This bill amends the Judicial Retirement and Magistrate Retirement Acts to place Metropolitan Court Judges under the Judicial Retirement Plan.

Significant Issues

The Judicial Retirement Act has an "early retirement" provision that allows judges with 18 years or more of service credit to retire and begin receiving their pension if they are 50 years of age or older. Magistrate Retirement Act provides that Magistrate and Metropolitan Court Judges can retire at any age with 24 years of service credit or at age 60 with fifteen years of service credit.

Metropolitan Court Judges are required by law to be attorneys and occasionally they move from the Metropolitan Court to the District Court. When the Metropolitan Judge becomes a District Judge, they change retirement plans. Currently, the Metropolitan Judge's service credit earned under the Magistrate Retirement Act can be added to their Judicial service credit to qualify for the eighteen years necessary to qualify for early retirement under the Judicial Retirement Act.

House Bill 759 -- Page 2

However, the Magistrate component of retirement does not commence until the judge turns 60 years of age. This bill will also allow the Metropolitan Court Judge's "final average salary" to be calculated under the Judicial Retirement Act.

FISCAL IMPLICATIONS

Early in this Legislative Session, the Court Administrator for the Bernalillo County Metropolitan Court asked PERA's actuaries to study the impact of the change proposed in this bill on both the Judicial Retirement and the Magistrate Retirement Funds. PERA's actuaries studied only the current 16 Metropolitan Court Judges and the current District Judges that have service credit under the Magistrate Retirement Act.

The actuaries stated that if the service credit and assets for the current judges were moved from the Magistrate Plan to the Judicial Plan, no other contributions would be necessary to cover the increased cost attributable to this proposal.

However, the actuaries warned that since benefits are pay-related and 60 percent of the contributions to the Judicial Plan come from docket fees, the imbalance between actual and required contributions will continue and a possible increase in contributions may be necessary in the future. The actuaries recommended converting the entire contributions to a pay related method, instead of taking a set amount from docket or jury fees. Currently, the Metropolitan and District Judges contribute 5 percent of salary and their employers contribute 9 percent of salary to the respective Retirement Funds. Additionally, \$38 from each civil docket fee is contributed for the District Judges and \$25 for Magistrate Judges, plus \$10 of every civil jury fee. The fee-related contributions are what the actuary referred to above as 60 percent of contributions.

ADMINISTRATIVE IMPLICATIONS

Minimal.

OTHER SUBSTANTIVE ISSUES

Unless otherwise specifically stated, this bill will only affect current and future judges in the Metropolitan Court and the current District Judges that have service credit as a Metropolitan Judge. It will not affect retired judges. This bill will convert all current Magistrate service credit for the affected judges to Judicial service credit.

JBE/ar