NOTE: As provided in LFC policy, this report is intended only 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 for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR:	Martinez		DATE TYPED:	02/19/03	HB	
SHORT TITL	E:	Volunteer Firefighter	Maximum Age		SB	575
				ANALY	YST:	Gilbert

APPROPRIATION

Appropria	tion Contained	Estimated A	dditional Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			\$0.1 See Narrative	Recurring	PERA

(Parenthesis () Indicate Expenditure Decreases)

Relates to <u>HB 408, SB 533</u> Duplicates <u>HB 660</u>

SOURCES OF INFORMATION

LFC Files

<u>Response Received From</u> Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

Senate Bill 575 expands the number of persons who could receive benefits under the Volunteer Firefighters Retirement Act. Currently, volunteer firefighters, whose first year of service credit was earned after the year in which they turned forty-five, are excluded from benefits. This bill eliminates the age limit for volunteer firefighter members.

Significant Issues

There are approximately 13,000 volunteer firefighters in New Mexico. The Volunteer Firefighters Retirement Plan, passed by the Legislature in 1983, is unlike other Public Employees Retirement Association (PERA) coverage plans in that it is not funded based upon contributions from salary. Instead, funds are appropriated by the Legislature and come from the Fire Protection Fund. Currently, annual funding of \$750.0 is appropriated to meet the plan's unfunded obligations.

FISCAL IMPLICATIONS

The expanded benefits provided by SB 575 would require a larger annual appropriation to keep the volunteer firefighters fund actuarially sound. There is no appropriation contained in this in this bill.

According to the PERA, the proponents of this bill have not provided any demographic information that would allow PERA's actuaries to evaluate quantitatively the extent of the negative actuarial impact this proposal may have on the volunteer firefighter retirement fund. NM Const. Art. XX, Section 22 prohibits increased benefits unless the benefits are properly funded on an actuarially sound basis.

PERA states that if the added benefits provided by SB 575 were fully funded, it would not oppose this bill.

ADMINISTRATIVE IMPLICATIONS

PERA would be required to amend its regulations to address the statutory changes to the PERA Act and would incur increased printing costs associated with reprinting pertinent information about the Volunteer Firefighters Retirement Plan.

Additionally, PERA states that expanding this program would have an administrative impact on PERA. PERA is unable to assess the extent of the impact, because it does not presently have information regarding the number of persons who would be added to the program as the result of this legislation. The legislation, if enacted, would require changes to PERA's computerized retirement information systems.

PERA will also incur additional per diem costs for staff members to travel throughout the state presenting informational meetings on the program expansion.

OTHER SUBSTANTIVE ISSUES

According to PERA, this legislation was proposed to address a recurring allegation of age discrimination. PERA has ongoing litigation pertaining to this issue, which is now before the New Mexico Supreme Court.

RLG/yr/njw