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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 1st Session, 2017

Bill Number	<u>HB251/aHSIVC</u>	Sponsor	<u>Stapleton & Salazar, T.</u>
Tracking Number	<u>.204474.1SA</u>	Committee Referrals	<u>HSIVC/HTRC;SEC/SFC</u>
Short Title	<u>Participation in Local Gov't Investment Pool</u>		
Analyst	<u>Simon</u>	Original Date	<u>2/8/17</u>
		Last Updated	<u>3/9/17</u>

BILL SUMMARY

Synopsis of HSIVC Amendment

The House State Government, Indian and Veterans' Affairs Committee Amendment to House Bill 251 (HB251/aHSIVC) strikes the bill in its entirety and amends Section 6-10-10.1 NMSA 1978 to allow the New Mexico Educational Retirement Board (ERB), Public Employees Retirement Association, and State Investment Council to participate in the local government investment pool. This amendment resolves a technical issue raised by ERB regarding the inclusion of the state investment bodies in the definition of "participating government."

Synopsis of Original Bill

House Bill 251 (HB251) would allow the New Mexico Educational Retirement Board (ERB), the Public Employees Retirement Association (PERA), and the State Investment Council (SIC) to participate in the local government investment pool (LGIP) by including the investing bodies in the definition of "eligible governing body."

FISCAL IMPACT

HB251/aHSIVC does not contain an appropriation. The state treasurer's office indicates it is able to support additional participants at current staffing levels and would not require an increased budget.

According to the state treasurer's office, the general fund receives a 0.05 percent administrative fee from LGIP earnings. HB251/aHSIVC could increase administrative fees directed to the general fund.

SUBSTANTIVE ISSUES

ERB currently participates in LGIP when the board is looking for a short-term investment; however, statute does not explicitly make the state's investment agencies eligible to participate in LGIP. According to ERB, LGIP has had better rates on short-term investment than commercial

banks. ERB currently has \$100 million invested, but that amount is dependent on the cash need of ERB.

OTHER SUBSTANTIAVE ISSUES

ERB noted the original bill defined ERB, PERA, and SIC as “eligible governing bodies,” and would include investing agencies that elect to invest in LGIP in the definition of “participating government.” ERB notes the state’s investing agencies are not separate legal entities and do not perform the same functions as local governments. Current law already considers “quasi-governmental” bodies created by statute to be “eligible governing bodies” and “participating governments.” ERB suggested amending Section 6-10-10.1, rather than amending the definition of “eligible governing bodies.” The House State Government, Indian and Veterans’ Affairs Committee Amendment to House Bill 251 resolves this issue.

SOURCES OF INFORMATION

- LESC Files
- Educational Retirement Board
- State Treasurer’s Office

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