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FISCAL IMPACT REPORT

Rehm/Anderson/
 Black/Sedillo Lopez/ **ORIGINAL DATE** 2/1/22
SPONSOR Hochman-Vigil **LAST UPDATED** _____ **HB** 106 _____

SHORT TITLE Law Enforcement Retirees Returning to Work **SB** _____

ANALYST Jorgensen _____

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY22	FY23	FY24		
	Unknown			

(Parenthesis () Indicate Revenue Decreases)

Relates to HB50 and HB105

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Public Safety (DPS)

Corrections Department (NMCD)

Municipal League (ML)

Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

House Bill 106 (HB106) would allow law enforcement officers who have retired on or before December 31, 2021, under any municipal police member coverage plan or a certified law enforcement officer under the state police member coverage plan, or a correctional officer member, and/or a probation and parole officer member coverage plan 1, to return to work (RTW) as a law enforcement officer after a 90 day layout.

Under the provisions of HB106, a certified law enforcement officer may return to employment as a certified law enforcement officer and their pension benefits will continue and they will be eligible to receive a COLA on the pension benefit. Nonrefundable employer and employee contributions must be paid during the time of reemployment and no additional service credit shall be accrued. The bill also requires the retired member to be employed “in an entry-level or civilian position”.

HB106 allows RTW from July 1, 2022 until July 1, 2027.

FISCAL IMPLICATIONS

PERA may receive additional revenue as employees return to employment with affiliated employers. However, the number of individuals who may return is unknown as is the revenue impact to the fund as shown in the revenue table.

Because HB106 requires the member and employer to pay the employee and employer contributions, it has a small positive impact to the funding ratio. For the year ending June 30, 2021 the State Police/Correction Division was funded at 129.1 percent and the Municipal Police Division was funded at 76.2 percent.

RTW programs can provide an incentive for employees to retire at the earliest possible time. This results in retirees receiving a benefit for a longer duration, creating a negative impact on the fund. However, HB106 would only apply to those officers retired prior to December 31, 2021. Because this date has already passed, the creation of an RTW program will not affect employees' retirement decision and therefore insulates the fund from the negative impact of retirees leaving state service in order to come back on an RTW plan.

SIGNIFICANT ISSUES

DPS states:

The DPS believes this bill would likely lead to a substantial number of retired police officers “returning to work,” which could assist with staffing challenges that have been plaguing law enforcement in the state. This assumption is based on several factors, including the lower age at which many law enforcement officers retire and the significant number of officers who returned to work when an earlier version of this law was in place. DPS believes this bill would be very beneficial for public safety.

NMCD reports:

Positions such as Correctional Officer and Probation/Parole Officer require substantial training for new recruits, so allowing trained retirees to return to these positions would decrease the need for recruiting and lessen the training time for these positions. As with all returning officers, the retirees would still be required to complete a condensed certification by waiver course given their previous service and experience.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB50 and HB105 allowing PERA-covered retirees to return to work.

TECHNICAL ISSUES

Section 2(J) of the bill allows retired certified law enforcement officers to return to work “as a certified law enforcement officer by an affiliated public employer”. Section 2(J)(6) requires that a “retired member is subsequently employed by the affiliated public employer in an entry-level or civilian position”. It is unclear if there are civilian positions that are also certified law enforcement officers. Further, “entry-level” and “civilian position” are not defined.

PERA notes the data provided to PERA by employers does not contain position information and it would not be possible for PERA to make a determination of what qualifies as an entry-level position and civilian position.

CJ/acv/al