

LFC Requester:	Gary, Bredon
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1.31.25 *Check all that apply:*
Bill Number: SB 138 Original Correction
 Amendment Substitute

Sponsor: Senator Munoz **Agency Name and Code** 366-PERA
Short Title: REMOVING OIL & GAS FUNDS TO JUDICIAL RETIREMENT **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB 138 amends the Tax Administration Act [NMSA 1978 7-1-6.43] to eliminate the \$100,000.00 distribution of Oil and Gas proceed and pass through entity withholding funds to the Magistrate and Judicial Retirement funds.

FISCAL IMPLICATIONS

Because SB 138 eliminates the monthly distributions made to the Magistrate and Judicial retirement funds it will have a significant impact on the funding status of the Magistrate fund and Judicial fund.

Eliminating the monthly distribution to the Judicial Fund from the Oil and Gas process would be detrimental to the financial security of the Judicial Fund and there is a high likelihood that the asset would be depleted withing the next 20-30 years.

Eliminating the monthly distribution to the Magistrate Fund from the Oil and Gas process would be detrimental to the financial security of the Judicial Fund and there is a high likelihood that the asset would be depleted withing the next 20-30 years.

SB 138 should not have an impact to PERA's operating budget.

SIGNIFICANT ISSUES

The title of the legislation indicates changes only to the distribution of revenue to the Judicial and Magistrate funds. However, the legislation itself includes changes to the language relating to the distribution to the Legislative fund. The formula for the legislative distribution remains unchanged, but the manner in which PERA reports the amount needed is removed entirely by the striking of Subsection C of Section 1 of the bill. It is PERA's assumption that the striking of this section was inadvertent. If this provision of the legislation is intentional, it is unclear how the current legislative distributions will be administered.

Article XX, Section 22, of the New Mexico Constitution prohibits the Legislature from enacting any law that changes the funding formula for a retirement plan unless adequate funding is provided. That section assigns the PERA board the sole and exclusive power to adopt actuarial assumptions, based on recommendations from an independent actuary. If the Legislature does not provide an adequate, alternative funding source, it is possible that this proposal to change the funding formula does not meet the requirements of that section.

PERFORMANCE IMPLICATIONS

SB 138 will not affect PERA's performance measures.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Magistrate and Judicial funds would continue to receive distributions of certain oil and gas revenue under the Tax Administration Act.

AMENDMENTS