

LFC Requester:	Simon, Joseph
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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(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: 2/20/25 *Check all that apply:*
Bill Number: SB 454 Original Correction
 Amendment Substitute

Sponsor: Senator Block, Senator Ramos, Senator Thornton, & Senator Tobiassen **Agency Name and Code** 366-PERA
Short Title: PUBLIC SAFETY SERVICE CREDIT CHANGES **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 454 amends the PERA Act [NMSA 1978 10-11-27] to allow for a twenty percent increase to the actual credited service accrued by all state public safety plan members. Currently, only members who were employed or retired prior to July 1, 2013 were eligible for this tier one enhancement. The legislation also amends sections of the PERA Act [NMSA 1978 10-11-57] [NMSA 1978 10-11-63], [NMSA 1978 10-11-69], [NMSA 1978 10-11-75], [NMSA 1978 10-11-81], [NMSA 1978 10-11-93], [NMSA 1978 10-11-99] [NMSA 1978 10-11-105], [NMSA 1978 10-11-111] to reduce the age and service credit requirements for normal retirement to any age and twenty years of service for all municipal police and municipal fire members hired on and after July 1, 2013.

FISCAL IMPLICATIONS

Because SB 454 would reduce the number of years that a state public safety member, municipal police member, or municipal firefighter member is required to be employed prior to retirement, the changes proposed by the legislation would increase PERA's unfunded liability.

SB 454 would increase the unfunded liability by \$24 million as of June 30, 2024 and increase the amortization period by 5 years to 57 years. The unfunded liability would increase by \$6 million for the Public Safety Plan, the unfunded liability would increase by \$13.7 million for the Municipal Police Plans and the amortization period would increase from 66 years to infinite, and the unfunded liability would increase by \$4.6 million for the Municipal Fire Plan and the amortization would remain infinite.

SB 454 would not have an impact to PERA's operating budget.

SIGNIFICANT ISSUES

Article XX, Section 22, of the New Mexico Constitution prohibits the Legislature from enacting any law that increases the benefits of 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 include adequate funding, it is possible that this proposal does not meet the requirements of that section.

PERFORMANCE IMPLICATIONS

SB 454 would not affect PERA performance measures.

ADMINISTRATIVE IMPLICATIONS

PERA will have to make modifications to its pension administration system to ensure that state public safety members receive the twenty percent enhancement and members of the Municipal Fire Plans and Municipal Police Plan are able to retire after 20 years of service.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

PERA would continue to follow the existing statutes in NMSA 1978 and the New Mexico Constitution.

AMENDMENTS

None.