

1 SENATE BILL 402

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO PUBLIC EMPLOYEE PENSIONS; ALLOWING A MEMBER WHO
12 ENTERED A UNIFORMED SERVICE OF THE UNITED STATES FOR ANY AMOUNT
13 OF TIME TO PURCHASE SERVICE CREDIT SUBJECT TO CERTAIN
14 CONDITIONS.

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16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 10-11-7 NMSA 1978 (being Laws 1987,
18 Chapter 253, Section 7, as amended) is amended to read:

19 "10-11-7. SERVICE CREDIT--PURCHASE OF SERVICE.--

20 A. A member who entered a uniformed service of the
21 United States may purchase service credit [~~for periods of~~
22 ~~active duty in the uniformed services~~] subject to the following
23 conditions:

24 (1) the member pays the association the
25 purchase cost determined according to Subsection E of this

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1 section;

2 (2) the member has the applicable minimum
3 number of years of service credit required for normal
4 retirement. As used in this paragraph, "service credit" means
5 only the service credit earned by the member during periods of
6 employment with an affiliated public employer;

7 (3) the aggregate amount of service credit
8 purchased pursuant to this subsection does not exceed five
9 years ~~[reduced by any period of service credit acquired for~~
10 ~~military service pursuant to any other provision of the Public~~
11 ~~Employees Retirement Act;~~

12 ~~(4) service credit may not be purchased for~~
13 ~~periods of service in the uniformed services that are used to~~
14 ~~obtain or increase a benefit from another retirement program];~~
15 and

16 ~~[(5)]~~ (4) the member must not have received a
17 discharge or separation from uniformed service under other than
18 honorable conditions.

19 B. A member who was a civilian prisoner of war
20 captured while in service to the United States as an employee
21 of the federal government or as an employee of a contractor
22 with the federal government may purchase service credit for the
23 period of internment as a civilian prisoner of war, provided
24 that:

25 (1) the member provides proof of employment

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1 with the federal government or as a contractor to the federal
2 government in a form acceptable to the association;

3 (2) the member provides proof of the period of
4 internment in a form acceptable to the association;

5 (3) the member has the applicable minimum
6 number of years of service credit required for normal
7 retirement. As used in this paragraph, "service credit" means
8 only the service credit earned by the member during periods of
9 employment with an affiliated public employer;

10 (4) the aggregate amount of service credit
11 purchased pursuant to this subsection does not exceed five
12 years reduced by any period of service credit acquired for
13 military service pursuant to any other provision of the Public
14 Employees Retirement Act;

15 (5) service credit may not be purchased for
16 periods of service in internment as a civilian prisoner of war
17 if such periods are used to obtain or increase a benefit from
18 another retirement program; and

19 (6) the member pays the association the
20 purchase cost determined according to Subsection E of this
21 section.

22 C. A member who was employed by a utility company,
23 library, museum, transit company or nonprofit organization
24 administering federally funded public service programs, which
25 utility company, library, museum, transit company or nonprofit

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1 organization administering federally funded public service
2 programs or federally funded public service programs
3 administered by a nonprofit organization are subsequently taken
4 over by an affiliated public employer, or a member who was
5 employed by an entity created pursuant to a joint powers
6 agreement between two or more affiliated public employers for
7 the purpose of administering or providing drug or alcohol
8 addiction treatment services irrespective of whether the entity
9 is subsequently taken over by an affiliated public employer,
10 may purchase service credit for the period of employment
11 subject to the following conditions:

12 (1) the member pays the association the
13 purchase cost determined according to Subsection E of this
14 section;

15 (2) the member has the applicable minimum
16 number of years of service credit required for normal
17 retirement. As used in this paragraph, "service credit" means
18 only the service credit earned by the member during periods of
19 employment with an affiliated public employer; and

20 (3) the aggregate amount of service credit
21 purchased pursuant to this subsection does not exceed five
22 years.

23 D. A member who was appointed to participate in a
24 cooperative work study training program established jointly by
25 a state agency and a state post-secondary educational

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1 institution may purchase service credit for the period of
2 participation subject to the following conditions:

3 (1) the member pays the association the full
4 actuarial present value of the amount of the increase in the
5 employee's pension as a consequence of the purchase as
6 determined by the association;

7 (2) the member pays the full cost of the
8 purchase within sixty days of the date the member is informed
9 of the amount of the payment;

10 (3) the member has the applicable minimum
11 number of years of service credit required for normal
12 retirement. As used in this paragraph, "service credit" means
13 only the service credit earned by the member during periods of
14 employment with an affiliated public employer; and

15 (4) the aggregate amount of service credit
16 purchased pursuant to this subsection does not exceed five
17 years.

18 E. Except for service to be used under a state
19 legislator coverage plan, the purchase cost for each month of
20 service credit purchased pursuant to the provisions of this
21 section is equal to the member's final average salary
22 multiplied by the sum of the member contribution rate and
23 employer contribution rate, determined in accordance with the
24 coverage plan applicable to the member at the time of the
25 written election to purchase. The purchase cost for each year

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1 of service credit to be used under a state legislator coverage
2 plan is equal to three times the normal member contribution per
3 year of service credit under the state legislator coverage plan
4 applicable to the member. Full payment shall be made in a
5 single lump sum within sixty days of the date the member is
6 informed of the amount of the payment. The portion of the
7 purchase cost derived from the employer contribution rate shall
8 be credited to the employer's accumulation fund and shall not
9 be paid out of the association in the event of cessation of
10 membership. In no case shall a member be credited with a month
11 of service for less than the purchase cost as defined in this
12 section.

13 F. A member shall be refunded, upon written request
14 filed with the association, the portion of the purchase cost of
15 service credit purchased pursuant to this section that the
16 association determines to have been unnecessary to provide the
17 member with the maximum pension applicable to the member. The
18 association shall not pay interest on the portion of the
19 purchase cost refunded to the member.

20 G. A member of the magistrate retirement system who
21 during the member's service as a magistrate was eligible to
22 become a member of the public employees retirement system and
23 elected not to become a member of that system may purchase
24 service credit pursuant to the public employees retirement
25 system for the period for which the magistrate elected not to

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1 become a public employees retirement system member by paying
2 the amount of the increase in the actuarial present value of
3 the magistrate pension as a consequence of the purchase as
4 determined by the association. Full payment shall be made in a
5 single lump-sum amount in accordance with procedures
6 established by the retirement board. Except as provided in
7 Subsection F of this section, seventy-five percent of the
8 purchase cost shall be considered to be employer contributions
9 and shall not be refunded to the member in the event of
10 cessation of membership.

11 H. At any time prior to retirement, any member may
12 purchase service credit in monthly increments, subject to the
13 following conditions:

14 (1) the member has the applicable minimum
15 number of years of service credit required for normal
16 retirement. As used in this paragraph, "service credit" means
17 only the service credit earned by the member during periods of
18 employment with an affiliated public employer;

19 (2) the aggregate amount of service credit
20 purchased pursuant to this subsection does not exceed one
21 year;

22 (3) the member pays full actuarial present
23 value of the amount of the increase in the employee's pension
24 as a consequence of the purchase as determined by the
25 association;

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(4) the member pays the full cost of the purchase within sixty days of the date the member is informed of the amount of the payment; and

(5) the purchase of service credit under this subsection cannot be used to determine the final average salary or the pension factor or be used to exceed the pension maximum.

I. A member receiving service credit under this section who enrolls in the retiree health care authority shall make contributions pursuant to Subsection C of Section 10-7C-15 NMSA 1978."