FISCAL IMPACT REPORT

		LAST UPDATED	
SPONSOR	Muñoz	**ORIGINAL DATE**	2/7/2025
SHORT TITLE	Oil & Gas Funds to Judicial Retirement	**BILL NUMBER**	Senate Bill 138
		ANALYST	Gray

REVENUE*
(dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
CIT	$0	$2,400	$2,400	$2,400	$2,400	Recurring	General Fund

Parentheses ( ) indicate revenue decreases.
*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
Administrative Office of the Courts (AOC)
Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Senate Bill 138

Senate Bill 138 (SB138) removes the $100 thousand monthly distribution made to both the magistrate and judicial retirement funds. The bill also removes a mechanism related to the distribution to the legislative fund. See *Significant Issues.*

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or June 20, 2025, if enacted.

FISCAL IMPLICATIONS

The bill is estimated to increase recurring general fund revenues by $2.4 million.

Analysis from the Public Employees Retirement Association (PERA) asserts that the elimination of this distribution would be detrimental to the financial security of both funds with a "high likelihood that the asset would be depleted within the next 20-30 years," for both funds.

Analysis from the Administrative Office of the Courts echoes PERA's estimate, stating that the impact on the judicial and magistrate retirement funds would be "severe," reflecting a projected funding shortfall and a decrease in their funded ratios.

SIGNIFICANT ISSUES

PERA notes that the bill may run afoul of the Legislature's constitutional obligation regarding retirement plans. The agency writes:

> 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.

The bill also strikes language relating to the distribution to the legislative retirement fund. The formula for the legislative remains unchanged, but the mechanism by which PERA reports the amount needed is removed. PERA writes:

> 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.

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