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FISCAL IMPACT REPORT

SPONSOR:	Aragon	DATE TYPED:	02/15/00	HB	
SHORT TITLE:	State Police Deferred Retirement Option Plan			SB	222/aFl#1
				ANALYST:	Trujillo

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
		See Narrative			

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
		See Narrative		

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

LFC files

Department of Public Safety

Corrections Department

Attorney General

Public Defender Department

Administrative Office of the District Attorney's

Agencies not responding to request include:

Administrative Office of the Courts

Bernalillo Metro Court

Department of Finance and Administration

Municipal League

Association of Counties

SUMMARY

Synopsis of Senate Floor Amendment #1

Senate Floor Amendment #1 strikes the date of October 1, 2000 regarding eligible state police officers and provide that participating members retirement payments may be received in one lump sum, or rolled into a tax deferred individual retirement account or used by the member to purchase an annuity . The amendment then includes the following provisions.

"H. The retirement board may promulgate rules necessary to implement and administer the provisions of this section, including rules that recover from participants in the deferred retirement option plan any actual and reasonable costs of administering the plan."

Section 2. EFFECTIVE DATE--The effective date of the provisions of Section 1 of this act is the later of October 1, 2000 or the date that the retirement board determines that:

A. the internal revenue service has ruled that a state police deferred retirement option plan, implemented pursuant to Section 1 of this act, is a "qualified plan" for income tax purposes and does not affect the qualification of any other retirement program provided for in the public Employees Retirement Act; and

B. implementation of a state police deferred retirement option plan will not adversely affect any other retirement program or fund provided for in the Public Employees Retirement Act."

Synopsis of Bill

SB222 provides an incentive to defer retirement for up to five years for members of the New Mexico state police. The incentive is the ability to draw retirement pay while working, the receipt of the pay is deferred to actual retirement.

Significant Issues

The Department of Public Safety (DPS) indicates there is no fiscal impact from this bill as proven in studies in Oklahoma, Texas and Louisiana. However, it does provide an incentive to keep officers in the department for a longer period of time. DPS reports this retention is necessary at a time when recruiting is low and only seventeen percent of the commissioned staff have more than ten years of experience.

FISCAL IMPLICATIONS

DPS reports there should be no impact to the State. This has been proven in other states that have used this incentive as a retention method.

OTHER SUBSTANTIVE ISSUES

DPS indicates state police members will continue to retire at the present rate, and recruitment will be unable to keep pace with the rate of loss.

DPS proposes SB222 be amended to read that the state will continue to make their contribution and one half will go to PERA for administering the fund, one half will go to the members Option account.

It is suggested that the SB222 be amended to read that the member will no longer pay their contribution to PERA which is how the other states have structured their progress. This provides a raise in income to the employee who is topped out on the pay plan and cannot get a merit increase. The money is not needed to keep the fund solvent.

DPS suggests SB222 be amended to include the PERA cost of living increases be added to the deferred option account while the employee is working.

LAT/njw