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FISCAL IMPACT REPORT

SPONSOR Rodella DATE TYPED 1/27/04 HB 143

SHORT TITLE Adjust Volunteer Firefighter Retirement SB _____

ANALYST Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			*Indeterminate - See Narrative	Recurring	Fire Protection Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	**\$(Indeterminate)	See Narrative	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Employees Retirement Association (PERA)

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

House Bill 143 expands the number of persons eligible to receive a benefit under the Volunteer Firefighters Retirement Act (VFRA). This bill allows VFRA members to post or adjust service credit earned for one or more calendar years prior to January 1, 2004, by filing proper documentation with the Public Employees Retirement Association (PERA) no later than December 31, 2004. Current law requires posting of service credit for the preceding year, on or before March 31st of each year.

Significant Issues

This bill would provide a one-time opportunity for VFRA members to post and/or adjust service credit earned for one or more calendar years of service earned prior to January 1, 2004.

HB 143 places the responsibility for reporting service credit corrections on VFRA members, rather than fire department chiefs.

The six-month “*grace period*” for reporting service credit corrections proposed in this bill is similar to a grace period previously offered to VFRA members.

FISCAL IMPLICATIONS

According to PERA, no relevant demographic data or actuarial studies have been compiled to evaluate the fiscal impact of this amendment. PERA is aware however, that a significant portion of the Volunteer Firefighter Fund membership has not had all eligible service credit posted to their accounts.

* The source of funding to meet the VFRA fund’s statutory obligations is an annual appropriation of \$750,000. This amount is supplemented, as required, to meet unfunded obligations. Adding new liabilities to the fund may increase the annual contribution to the fund in order to keep it actuarially sound.

** As a result, this bill may reduce general fund revenue since receipts remaining in the fire protection fund are annually transferred to the general fund per section 59A-53-15 NMSA 1978.

ADMINISTRATIVE IMPLICATIONS

Allowing members a one-time opportunity to correct service credit that was earned for years prior to January 1, 2004, but not posted to their member accounts, will have a significant administrative impact on PERA. PERA is unable to assess the extent of the impact, because it does not presently have information regarding the number of persons who will seek to post or adjust service credit as the result of this legislation. The legislation, if enacted, would require changes to PERA’s computerized retirement information systems. Additionally, PERA will incur increased printing costs associated with printing pertinent information and required “Corrected Qualification Record” forms. Additional staffing will also be needed to correct and post prior year service credit.

OTHER SUBSTANTIVE ISSUES

The Volunteer Firefighters Retirement Plan, passed by the Legislature in 1983, is unlike any other PERA coverage plan in that it is not funded based upon contributions from salary. Volunteer firefighters are not salaried employees and their “retirement benefits” do not derive from employment. Rather, the benefits are provided by the Legislature and funded by the Legislature from the Fire Protection Fund.

RLG/yr