HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILLS 95 & 169

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

AN ACT

RELATING TO PENSIONS; AMENDING JUDICIAL RETIREMENT ACT AND MAGISTRATE RETIREMENT ACT PROVISIONS THAT ARE APPLICABLE TO CERTAIN MEMBERS BY CHANGING THE AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT, DECREASING THE PENSION MULTIPLIER FOR SERVICE CREDIT EARNED AFTER JUNE 30, 2013, PROVIDING FOR TEMPORARY SUSPENSION OF, DECREASING OF AND DELAYING OF THE COST-OF-LIVING ADJUSTMENT AND INCREASING THE MAXIMUM PENSION BENEFIT; PROVIDING THAT CONTRIBUTIONS TO JUDICIAL AND MAGISTRATE RETIREMENT BE PROVIDED FROM THE GENERAL FUND; INCREASING CONTRIBUTIONS TO THE JUDICIAL AND MAGISTRATE RETIREMENT BUT THE JUDICIAL AND MAGISTRATE RETIREMENT FUNDS; MAKING AN APPROPRIATION.

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

SECTION 1. Section 10-12B-3 NMSA 1978 (being Laws 1992, Chapter 111, Section 3, as amended) is amended to read:

"10-12B-3. JUDICIAL RETIREMENT FUND ESTABLISHED-ADMINISTRATION OF FUND--ACCOUNTING FUNDS.--

A. There is established in the state treasury the "judicial retirement fund". The fund is [comprised] composed of money received from [docket and jury fees of metropolitan courts, district courts, the court of appeals and the supreme court] employer and employee contributions and any investment earnings on [fees and] contributions. The board is the trustee of the fund and shall administer and invest the fund.

Investment of the fund shall be conducted pursuant to the provisions of the Public Employees Retirement Act. The provisions of the Judicial Retirement Act shall be administered by the board. The board is authorized to promulgate rules. Expenses related to the investment of the fund and administration of the Judicial Retirement Act shall be paid from the fund.

- B. For purposes of this section, the accounting funds shall be known as the "member contribution fund", "employer's accumulation fund", "retirement reserve fund" and "income fund". The maintenance of separate accounting funds shall not require the actual segregation of the assets of the fund.
- C. The accounting funds provided for in this section are trust funds and shall be used only for the purposes provided for in the Judicial Retirement Act.

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D. The member contribution fund is the accounting fund in which shall be accumulated contributions of members and from which shall be made refunds and transfers of accumulated member contributions as provided in the Judicial Retirement The member's court shall cause member contributions to be deducted from the salary of the member and shall remit the deducted member contributions to the association in accordance with procedures and schedules established by the association. The association may assess an interest charge and a penalty charge on any late remittance. Each member shall be deemed to consent and agree to the deductions made and provided for in this section. Contributions by members shall be credited to the members' individual accounts in the member contribution fund. A member's accumulated member contributions shall be transferred to the retirement reserve fund when a pension becomes payable.

- E. The employer's accumulation fund is the accounting fund in which shall be accumulated the contributions paid by the state through the member's court. The state, through the member's court, shall remit its contributions to the association in accordance with procedures and schedules established by the association. The board may assess an interest charge and a penalty charge on any late remittance.
- F. The retirement reserve fund is the accounting fund from which shall be paid all pensions to retired members

and survivor beneficiaries and all residual refunds to refund beneficiaries of retired members and survivor beneficiaries.

- G. Each year, following receipt of the report of the annual actuarial valuation, the excess, if any, of the reported actuarial present value of pensions being paid and likely to be paid to retired members and survivor beneficiaries and residual refunds likely to be paid to refund beneficiaries of retired members and survivor beneficiaries over the balance in the retirement reserve fund shall be transferred to the retirement reserve fund from the employer's accumulation fund.
- H. The income fund is the accounting fund to which shall be credited all interest, dividends, rents and other income from investments of the fund, all gifts and bequests, all unclaimed member contributions and all other money the disposition of which is not specifically provided for in the Judicial Retirement Act. Expenses related to the administration of the Judicial Retirement Act shall be paid for from the income fund.
- I. The association shall at least annually distribute all or a portion of the balance in the income fund to the member contribution fund, the retirement reserve fund and the employer's accumulation fund. Distribution rates shall be determined by the board and may vary for the respective accounting funds."
- SECTION 2. Section 10-12B-5 NMSA 1978 (being Laws 1992, .193348.3

Chapter 111, Section 5, as amended) is amended to read:

"10-12B-5. SERVICE CREDIT--REINSTATEMENT OF FORFEITED SERVICE--PRIOR SERVICE--MILITARY SERVICE.--

A. Personal service rendered by a member shall be credited to the member's service credit account in accordance with board rules and regulations. Service shall be credited to the nearest month. In no case shall any member be credited with a year of service for less than twelve months of service in any calendar year or more than a month of service for all service in any calendar month or more than a year of service for all service in any calendar year.

- B. Service credit shall be forfeited if a member leaves office and withdraws the member's accumulated member contributions. A member or former member who is a member of a state system or the educational retirement system who has forfeited service credit by withdrawal of member contributions may reinstate the forfeited service credit by repaying the amount withdrawn plus compound interest from the date of withdrawal to the date of repayment at a rate set by the board. Withdrawn member contributions may be repaid in increments of one year in accordance with procedures established by the board. Full payment of each one-year increment shall be made in a single lump-sum amount in accordance with procedures established by the board.
- C. Service credit that a member would have earned .193348.3

if the member had not elected to be excluded from membership may be purchased if the member pays the purchase cost determined pursuant to the provisions of Subsection F of this section.

- D. A member who during a term of office enters a uniformed service of the United States shall be given service credit for periods of service in the uniformed services subject to the following conditions:
- (1) the member returns to office within ninety days following termination of the period of intervening service in the uniformed services or the affiliated employer certifies in writing to the association that the member is entitled to reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994;
- (2) the member retains membership in the association during the period of service in the uniformed services;
- (3) free service credit shall not be given for periods of intervening service in the uniformed services following voluntary reenlistment. Service credit for such periods shall only be given after the member pays the association the sum of the contributions that the person would have been required to contribute had the person remained continuously employed throughout the period of intervening service following voluntary reenlistment, which payment shall

be made during the period beginning with the date of reemployment and whose duration is three times the period of the person's intervening service in the uniformed services following voluntary reenlistment, not to exceed five years;

- (4) service credit shall not be given for periods of intervening service in the uniformed services that are used to obtain or increase a benefit from another state system or the retirement program provided under the Educational Retirement Act; and
- (5) the member must not have received a discharge or separation from uniformed service under other than honorable conditions.

Notwithstanding any provision of this plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code of 1986, as amended.

- E. A member who entered uniformed service of the United States may purchase service credit for periods of active duty in the uniformed services, subject to the following conditions:
- (1) the member pays the purchase cost determined pursuant to the provisions of Subsection F of this section;
 - (2) the member has [five or more] the

<u>applicable minimum number of</u> years of service credit accrued according to the provisions of the Judicial Retirement Act;

- (3) the aggregate amount of service credit purchased pursuant to the provisions of this subsection does not exceed five years, reduced by any period of service credit acquired for military service under any other provision of the Judicial Retirement Act;
- (4) service credit may not be purchased for periods of service in the uniformed services that are used to obtain or increase a benefit from another retirement program; and
- (5) the member must not have received a discharge or separation from uniformed service under other than honorable conditions.
- F. The purchase cost for each year of service credit purchased pursuant to the provisions of this section shall be the increase in the actuarial present value of the pension of the member under the Judicial Retirement Act as a consequence of the purchase, as determined by the association. Full payment shall be made in a single lump-sum amount in accordance with procedures established by the board. Except as provided in Subsection G of this section, seventy-five percent of the purchase cost shall be considered to be employer contributions and shall not be refunded to the member in the event of cessation of membership.

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G. A member shall be refunded, after retirement and
upon written request filed with the association, the portion of
the purchase cost of service credit purchased pursuant to the
provisions of this section that the association determines to
have been unnecessary to provide the member with the maximum
pension applicable to the member. The association shall not
pay interest on the portion of the purchase cost refunded to
the member

- H. At any time prior to retirement, a member may purchase service credit in monthly increments, subject to the following conditions:
- (1) the member has [at least five] the

 applicable minimum number of years of service credit acquired

 as a result of personal service rendered under the Judicial

 Retirement Act;
- (2) the aggregate amount of service credit purchased pursuant to this subsection does not exceed one year;
- (3) the member pays full actuarial present value of the amount of the increase in the member's pension as a consequence of the purchase, as determined by the association;
- (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 .193348.3

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subsection	cannot	be	used	to	exceed	the	pension	maximum.	, "
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SECTION 3. Section 10-12B-8 NMSA 1978 (being Laws 1992, Chapter 111, Section 8, as amended) is amended to read:

"10-12B-8. AGE AND SERVICE CREDIT REQUIREMENTS FOR NORMAL RETIREMENT.--

- A. For an individual who initially became a member prior to July 1, 2005, the age and service credit requirements for retirement provided for in the Judicial Retirement Act are:
- (1) age [sixty-four] sixty-five years or older and five or more years of service credit; or
- (2) age sixty <u>years</u> or older and fifteen or more years of service credit.
- B. For an individual who initially became a member [on or] after [July 1] June 30, 2005 but before June 30, 2013, the age and service credit requirements for retirement provided for in the Judicial Retirement Act are:
- (1) age [sixty-four] sixty-five years or older and five or more years of service credit; or
- (2) age [fifty-five] sixty years or older and [sixteen] fifteen or more years of service credit.
- C. For an individual who initially becomes a member on or after July 1, 2013, the age and service requirements

 provided for in the Judicial Retirement Act are:
- (1) age sixty-five years and eight or more years of service credit; or

2	<u>of</u>	service	credit.

[6.] D. If a member leaves office for any reason, other than removal pursuant to Article 6, Section 32 of the constitution of New Mexico, before meeting the age and service credit requirements for retirement pursuant to the provisions of this section and if that member leaves [his] the member contributions on deposit in the fund, that member may apply for retirement when that member meets the age and service credit requirements for retirement pursuant to the provisions of the Judicial Retirement Act or provisions of the Public Employees Retirement Reciprocity Act.

(2) age sixty years and fifteen or more years

 $[rac{ extsf{D-}}{ extsf{E.}}]$ No member shall be eligible to receive a pension pursuant to the provisions of the Judicial Retirement Act while still in office."

SECTION 4. Section 10-12B-9 NMSA 1978 (being Laws 1992, Chapter 111, Section 9, as amended) is amended to read:

"10-12B-9. AMOUNT OF PENSION.--The amount of monthly pension is equal to:

A. in the case of a former or current judge or justice, an amount equal to one-twelfth of:

seventy-five percent

of salary received X number of years of during last year in service, not exceeding office prior to ten years, divided

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in the case of a new judge or justice who initially became a member prior to July 1, 2005:

(1) for service credit earned on or before June 30, 2013, an amount equal to one-twelfth of:

seventy-five (number of years of percent of salary service, not received during X .05 X exceeding fifteen last year in office years, plus five prior to retirement years); [or] and

(2) for service credit earned on and after July 1, 2013, an amount equal to one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of three and one-half percent times the sum of the number of years of service; provided that a pension calculated pursuant to this subsection shall not exceed eighty-five percent of one-twelfth of the salary received during the last year in office;

- C. in the case of a new judge or justice who initially became a member [on or] after [July 1] June 30, 2005 but before June 30, 2013:
- (1) for service credit earned on or before June 30, 2013, an amount equal to one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of three and seventy-five hundredths .193348.3

percent times the sum of the number of years of service; provided that a pension calculated pursuant to this subsection shall not exceed seventy-five percent of one-twelfth of the salary received during the last year in office; and

(2) for service credit earned on and after

July 1, 2013, an amount equal to one-twelfth of the salary

received during the last year in office prior to retirement

multiplied by the product of three and one-half percent times

the sum of the number of years of service; provided that a

pension calculated pursuant to this subsection shall not exceed

eighty-five percent of one-twelfth of the salary received

during the last year in office; or

D. in the case of a new judge or justice who initially becomes a member on or after July 1, 2013, an amount equal to one-sixtieth of the greatest aggregate amount of salary paid a member for sixty consecutive, but not necessarily continuous, months of service credit multiplied by the product of three and one-half percent times the sum of the number of years of service; provided that a pension calculated pursuant to this subsection shall not exceed eighty-five percent of one-sixtieth of the greatest aggregate amount of salary paid a member for sixty consecutive, but not necessarily continuous, months of service credit."

SECTION 5. Section 10-12B-10 NMSA 1978 (being Laws 1992, Chapter 111, Section 10, as amended) is amended to read:
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1	"10-12B-10. MEMBER CONTRIBUTIONSTAX TREATMENT
2	A. On and after July 1, 2013, members, while in
3	office, shall contribute ten and one-half percent of salary to
4	the member contribution fund [pursuant to the following
5	schedule:
6	(1) prior to July 1, 2005, five and one-half
7	percent of salary;
8	(2) from July 1, 2005 through June 30, 2006,
9	six and one-half percent of salary; and
10	(3) on and after July 1, 2006, seven and one-
11	half percent of salary, except that for members whose annual
12	salary is greater than twenty thousand dollars (\$20,000):
13	(a) from July 1, 2009 through June 30,
14	2011, the member contribution rate shall be nine percent of
15	salary;
16	(b) from July 1, 2011 through June 30,
17	2012, the member contribution rate shall be ten and three-
18	fourths percent of salary; and
19	(c) from July 1, 2012 through June 30,
20	2013, the member contribution rate shall be nine percent of
21	salary].
22	B. Upon implementation, the state, acting as
23	employer of members covered pursuant to the provisions of the
24	Judicial Retirement Act, shall, solely for the purpose of
25	compliance with Section 414(h) of the Internal Revenue Code of

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1986, pick up for the purposes specified in that section member contributions required by this section for all annual salary earned by the member. Member contributions picked up pursuant to the provisions of this section shall be treated as employer contributions for purposes of determining income tax obligations under the Internal Revenue Code of 1986; however, such picked-up member contributions shall be included in the determination of the member's gross annual salary for all other purposes under federal and state laws. Member contributions picked up pursuant to the provisions of this section shall continue to be designated member contributions for all purposes of the Judicial Retirement Act and shall be considered as part of the member's annual salary for purposes of determining the amount of the member's contribution. The provisions of this section are mandatory, and the member shall have no option concerning the pickup or concerning the receipt of the contributed amounts directly instead of having the amounts paid by the employer to the retirement system. Implementation occurs upon authorization by the board. In no event may implementation occur other than at the beginning of a pay period applicable to the member."

SECTION 6. Section 10-12B-11 NMSA 1978 (being Laws 1992, Chapter 111, Section 11, as amended) is amended to read:

"10-12B-11. EMPLOYER CONTRIBUTIONS.--

A. From July 1, 2013 through June 30, 2014, the .193348.3

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<u>eight</u>	and	sever	nty-two	hundredths	percent	of s	alary	for	each	
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[(1) prior to July 1, 2005, nine percent of salary for each member in office;

(2) from July 1, 2005 through June 30, 2006, ten and one-half percent of salary for each member in office;

(3) on and after July 1, 2006, twelve percent of salary for each member in office, except that for members whose annual salary is greater than twenty thousand dollars (\$20,000):

(a) from July 1, 2009 through June 30, 2011, the member's court contribution rate shall be ten and one-half percent of salary for each member in office;

(b) from July 1, 2011 through June 30, 2012, the member's court contribution rate shall be eight and three-fourths percent of salary for each member in office; and (c) from July 1, 2012 through June 30,

2013, the member's court contribution rate shall be ten and one-half percent of salary for each member in office.

B. Thirty-eight dollars (\$38.00) from each civil case docket fee paid in the district court, twenty-five dollars (\$25.00) from each civil docket fee paid in metropolitan court and ten dollars (\$10.00) from each jury fee paid in

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B. On and after July 1, 2014, the member's court shall contribute thirty-one and seventy-two hundredths percent of salary for each member in office to the fund."

SECTION 7. Section 10-12B-15 NMSA 1978 (being Laws 1992, Chapter 111, Section 15) is amended to read:

"10-12B-15. COST-OF-LIVING ADJUSTMENT.--[A yearly costof-living adjustment shall be made to each pension]

A. A qualified pension recipient is eligible for a cost-of-living adjustment payable pursuant to the provisions of the Judicial Retirement Act [as provided in the Public Employees Retirement Act] as follows:

(1) beginning July 1, 2013 and continuing through June 30, 2015, there shall not be a cost-of-living adjustment applied to a pension payable pursuant to the Judicial Retirement Act; and

(2) beginning on May 1, 2015 and no later than each May 1 thereafter, the board shall certify to the association the actuarial funded ratio of the fund as of June 30 of the preceding calendar year. On each July 1 following the board's certification of the funded ratio, the cost-of-living adjustment, if any, applied to a pension payable pursuant to the Judicial Retirement Act shall be determined as follows:

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(a) if the funded ratio of the fund, as
certified by the board pursuant to this subsection, is greater
than or equal to seventy percent, the amount of pension payable
shall be increased two percent. The amount of the increase
applied pursuant to this subparagraph shall be determined by
multiplying the amount of the pension inclusive of all prior
adjustments by two percent; and

(b) if the funded ratio of the fund, as certified by the board pursuant to this subsection, is less than seventy percent, the amount of pension payable shall not include a cost-of-living increase; provided, however, that if, pursuant to the provisions of this subparagraph, the cost-of-living adjustment is suspended for the two consecutive fiscal years immediately prior to the most recent certification by the board of the funded ratio: 1) the amount of pension payable in the fiscal year immediately following the two-year suspension shall be increased two percent regardless of the certified funded ratio; and 2) the provisions of this subparagraph shall apply without exception in the next succeeding fiscal year if the funded ratio certified by the board is less than seventy percent.

B. Pursuant to the Judicial Retirement Act, a qualified pension recipient is:

(1) a normal retired member who:

(a) retires before June 30, 2014 and has

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June 30, 2015 and has been retired for at least three full calendar years from the effective date of the latest retirement prior to July 1 of the year in which the pension is being adjusted;

(c) retires between July 1, 2015 and

June 30, 2016 and has been retired for at least four full

calendar years from the effective date of the latest retirement

prior to July 1 of the year in which the pension is being

adjusted; or

(d) retires after July 1, 2016 and has been retired for at least seven full calendar years from the effective date of the latest retirement prior to July 1 of the year in which the pension is being adjusted;

(2) a normal retired member who is at least sixty-five years of age and has been retired for at least one full calendar year from the effective date of the latest retirement prior to July 1 of the year in which the pension is being adjusted;

(3) a disability retired member who has been retired for at least one full calendar year from the effective date of the latest retirement prior to July 1 of the year in

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which the pension is being adjusted;

- (4) a survivor beneficiary who has received a survivor pension for at least two full calendar years; or
- retired member who otherwise would have been retired at least two full calendar years from the effective date of the latest retirement prior to July 1 of the year in which the pension is being adjusted.
- C. A qualified pension recipient may decline an increase in a pension by giving the association written notice of the decision to decline the increase at least thirty days prior to the date the increase would take effect."
- SECTION 8. Section 10-12C-3 NMSA 1978 (being Laws 1992, Chapter 118, Section 3, as amended) is amended to read:
- "10-12C-3. MAGISTRATE RETIREMENT FUND ESTABLISHED-ADMINISTRATION OF FUND--ACCOUNTING FUNDS.--
- "magistrate retirement fund". The fund is [comprised] composed of money received from [docket fees of magistrate courts] employer and member contributions and any investment earnings on fees and contributions. The board is the trustee of the fund and shall administer and invest the fund. Investment of the fund shall be conducted pursuant to the provisions of the Public Employees Retirement Act. The provisions of the Magistrate Retirement Act shall be administered by the board.

The board is authorized to promulgate rules. Expenses related to the investment of the fund and administration of the Magistrate Retirement Act shall be paid from the fund.

- B. For purposes of this section, the accounting funds shall be known as the "member contribution fund", "employer's accumulation fund", "retirement reserve fund" and "income fund". The maintenance of separate accounting funds shall not require the actual segregation of the assets of the fund.
- C. The accounting funds provided for in this section are trust funds and shall be used only for the purposes provided for in the Magistrate Retirement Act.
- D. The member contribution fund is the accounting fund in which shall be accumulated contributions of members and from which shall be made refunds and transfers of accumulated member contributions as provided in the Magistrate Retirement Act. The member's court shall cause member contributions to be deducted from the salary of the member and shall remit the deducted member contributions to the association in accordance with procedures and schedules established by the association. The association may assess an interest charge and a penalty charge on any late remittance. Each member shall be deemed to consent and agree to the deductions made and provided for in this section. Contributions by members shall be credited to the members' individual accounts in the member contribution

fund. A member's accumulated member contributions shall be transferred to the retirement reserve fund when a pension becomes payable.

- E. The employer's accumulation fund is the accounting fund in which shall be accumulated the contributions paid by the state through the administrative office of the courts. The state, through the administrative office of the courts, shall remit its contributions to the association in accordance with procedures and schedules established by the association. The board may assess an interest charge and a penalty charge on any late remittance.
- F. The retirement reserve fund is the accounting fund from which shall be paid all pensions to retired members and survivor beneficiaries and all residual refunds to refund beneficiaries of retired members and survivor beneficiaries.
- G. Each year, following receipt of the report of the annual actuarial valuation, the excess, if any, of the reported actuarial present value of pensions being paid and likely to be paid to retired members and survivor beneficiaries and residual refunds likely to be paid to refund beneficiaries of retired members and survivor beneficiaries over the balance in the retirement reserve fund shall be transferred to the retirement reserve fund from the employer's accumulation fund.
- H. The income fund is the accounting fund to which shall be credited all interest, dividends, rents and other

income from investments of the fund, all gifts and bequests, all unclaimed member contributions and all other money the disposition of which is not specifically provided for in the Magistrate Retirement Act. Expenses related to the administration of the Magistrate Retirement Act shall be paid for from the income fund.

I. The association shall at least annually distribute all or a portion of the balance in the income fund to the member contribution fund, the retirement reserve fund and the employer's accumulation fund. Distribution rates shall be determined by the board and may vary for the respective accounting funds."

SECTION 9. Section 10-12C-5 NMSA 1978 (being Laws 1992, Chapter 118, Section 5, as amended) is amended to read:

"10-12C-5. SERVICE CREDIT--REINSTATEMENT OF FORFEITED SERVICE--PRIOR SERVICE--MILITARY SERVICE.--

A. Personal service rendered by a member shall be credited to the member's service credit account in accordance with board rules and regulations. Service shall be credited to the nearest month. In no case shall any member be credited with a year of service for less than twelve months of service in any calendar year or more than a month of service for all service in any calendar month or more than a year of service for all service in any calendar year.

B. Service credit shall be forfeited if a member .193348.3

leaves office and withdraws the member's accumulated member contributions. A member or former member who is a member of another state system or the educational retirement system who has forfeited service credit by withdrawal of member contributions may reinstate the forfeited service credit by repaying the amount withdrawn plus compound interest from the date of withdrawal to the date of repayment at a rate set by the board. Withdrawn member contributions may be repaid in increments of one year in accordance with procedures established by the board. Full payment of each one-year increment shall be made in a single lump-sum amount in accordance with procedures established by the board.

- C. Service credit that a member would have earned if the member had not elected to be excluded from membership may be purchased if the member pays the purchase cost determined pursuant to the provisions of Subsection F of this section.
- D. A member who during a term of office enters a uniformed service of the United States shall be given service credit for periods of service in the uniformed services subject to the following conditions:
- (1) the member returns to office within ninety days following termination of the period of intervening service in the uniformed services or the affiliated employer certifies in writing to the association that the member is entitled to

reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994;

- (2) the member retains membership in the association during the period of service in the uniformed services;
- (3) free service credit shall not be given for periods of intervening service in the uniformed services following voluntary reenlistment. Service credit for such periods shall only be given after the member pays the association the sum of the contributions that the person would have been required to contribute had the person remained continuously employed throughout the period of intervening service following voluntary reenlistment, which payment shall be made during the period beginning with the date of reemployment and whose duration is three times the period of the person's intervening service in the uniformed services following voluntary reenlistment, not to exceed five years;
- (4) service credit shall not be given for periods of intervening service in the uniformed services that are used to obtain or increase a benefit from another state system or the retirement program provided under the Educational Retirement Act; and
- (5) the member must not have received a discharge or separation from uniformed service under other than honorable conditions.

Notwithstanding any provision of this plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code of 1986, as amended.

- E. A member who entered a uniformed service of the United States may purchase service credit for periods of active duty in the uniformed services, subject to the following conditions:
- (1) the member pays the purchase cost determined pursuant to the provisions of Subsection F of this section;
- (2) the member has [five or more] the

 applicable minimum number of years of service credit accrued
 according to the provisions of the Magistrate Retirement Act;
- (3) the aggregate amount of service credit purchased pursuant to the provisions of this subsection does not exceed five years, reduced by any period of service credit acquired for military service under any other provision of the Magistrate Retirement Act;
- (4) service credit may not be purchased for periods of service in the uniformed services that are used to obtain or increase a benefit from another retirement program; and
- (5) the member must not have received a .193348.3

discharge or separation from uniformed service under other than honorable conditions.

- F. The purchase cost for each year of service credit purchased pursuant to the provisions of this section shall be the increase in the actuarial present value of the pension of the member under the Magistrate Retirement Act as a consequence of the purchase, as determined by the association. Full payment shall be made in a single lump-sum amount in accordance with procedures established by the board. Except as provided in Subsection G of this section, seventy-five percent of the purchase cost shall be considered to be employer contributions and shall not be refunded to the member in the event of cessation of membership.
- G. A member shall be refunded, after retirement and upon written request filed with the association, the portion of the purchase cost of service credit purchased pursuant to the provisions of this section that the association determines to have been unnecessary to provide the member with the maximum pension applicable to the member. The association shall not pay interest on the portion of the purchase cost refunded to the member.
- H. At any time prior to retirement, a member may purchase service credit in monthly increments, subject to the following conditions:
 - (1) the member has [at least five] the

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applicable minimum number of years of service credit acquired
as a result of personal service rendered under the Magistrate
Retirement Act:

- (2) the aggregate amount of service credit purchased pursuant to this subsection does not exceed one year;
- (3) the member pays full actuarial present value of the amount of the increase in the member's pension as a consequence of the purchase, as determined by the association;
- (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 exceed the pension maximum."
- SECTION 10. Section 10-12C-8 NMSA 1978 (being Laws 1992, Chapter 118, Section 8) is amended to read:
- "10-12C-8. AGE AND SERVICE CREDIT REQUIREMENTS FOR NORMAL RETIREMENT.--
- A. For a magistrate who was a member on June 30, 2013, the age and service credit requirements for retirement provided for in the Magistrate Retirement Act are:
- (1) age [sixty-four] sixty-five years or older and five or more years of service credit;
- (2) age sixty <u>years</u> or older and fifteen or more years of service credit; or

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	(3)	any	age	and	twenty-four	or	more	years	of
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- B. For a magistrate who initially became a member on or after July 1, 2013, the age and service requirements for normal retirement provided for in the Magistrate Retirement Act are:
- (1) age sixty-five years or older and eight or
 more years of service credit;
- (2) age sixty years and fifteen or more years of service credit; and
- (3) any age and twenty-four or more years of service credit.
- [Br] C. If a member leaves office for any reason, other than removal pursuant to Article 6, Section 32 of the constitution of New Mexico before meeting the age and service credit requirements for retirement pursuant to the provisions of this section and if that member leaves [his] the member contributions on deposit in the fund, that member may apply for retirement when that member meets the age and service credit requirements for retirement pursuant to the provisions of the Magistrate Retirement Act or provisions of the Public Employees Retirement Reciprocity Act. [if enacted by the second session of the fortieth legislature of the state of New Mexico.
- G.] D. No member shall be eligible to receive a pension pursuant to the provisions of the Magistrate Retirement .193348.3

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Act while still in office."

SECTION 11. Section 10-12C-9 NMSA 1978 (being Laws 1992, Chapter 118, Section 9) is amended to read:

"10-12C-9. AMOUNT OF PENSION.--

A. For a magistrate who was a member on June 30, 2013:

(1) for service credit earned on or before

June 30, 2013, the amount of pension is equal to one-twelfth

of:

seventy-five percent

of salary received (number of years of during last year in X .05 X service, not exceeding office prior to fifteen years, [+] retirement plus five years); and

July 1, 2013, the amount of pension is equal to one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of three and one-half percent times the sum of the number of years of service; provided that a pension calculated pursuant to this subsection shall not exceed eighty-five percent of one-twelfth of the salary received during the last year in office.

B. For a magistrate who initially became a member on or after July 1, 2013, the amount of pension is equal to one-sixtieth of the greatest aggregate amount of salary paid a .193348.3

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1	member for sixty consecutive, but not necessarily continuous,
2	months of service credit multiplied by the product of three and
3	one-half percent times the sum of the number of years of
4	service; provided that a pension calculated pursuant to this
5	subsection shall not exceed eighty-five percent of one-sixtieth
6	of the greatest aggregate amount of salary paid a member for
7	sixty consecutive, but not necessarily continuous, months of
8	service credit."
9	SECTION 12. Section 10-12C-10 NMSA 1978 (being Laws 1992)
10	Chapter 118, Section 10, as amended) is amended to read:
11	"10-12C-10. MEMBER CONTRIBUTIONSTAX TREATMENT
12	A. Members, while in office, shall contribute [the

A. Members, while in office, shall contribute [the following amounts] ten and one-half percent of salary to the member contribution fund

[(1) through June 30, 2006, six and one-half percent of salary; and

(2) on and after July 1, 2006, seven and one-half percent of salary, except that for members whose annual salary is greater than twenty thousand dollars (\$20,000):

(a) from July 1, 2009 through June 30, 2011, the member contribution rate shall be nine percent of salary;

(b) from July 1, 2011 through June 30, 2012, the member contribution rate shall be ten and three-fourths percent of salary; and

salary].

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2013, the member contribution rate shall be nine percent of

(c) from July 1, 2012 through June 30,

Upon implementation, the state, acting as employer of members covered pursuant to the provisions of the Magistrate Retirement Act, shall, solely for the purpose of compliance with Section 414(h) of the Internal Revenue Code of 1986, pick up for the purposes specified in that section member contributions required by this section for all annual salary earned by the member. Member contributions picked up pursuant to the provisions of this section shall be treated as employer contributions for purposes of determining income tax obligations under the Internal Revenue Code of 1986; however, such picked-up member contributions shall be included in the determination of the member's gross annual salary for all other purposes under federal and state laws. Member contributions picked up pursuant to the provisions of this section shall continue to be designated member contributions for all purposes of the Magistrate Retirement Act and shall be considered as part of the member's annual salary for purposes of determining the amount of the member's contribution. The provisions of this section are mandatory, and the member shall have no option concerning the pick up or concerning the receipt of the contributed amounts directly instead of having the amounts paid by the employer to the retirement system. Implementation

1	occurs upon authorization by the board. In no event may
2	implementation occur other than at the beginning of a pay
3	period applicable to the member."
4	SECTION 13. Section 10-12C-11 NMSA 1978 (being Laws 1992
5	Chapter 118, Section 11, as amended) is amended to read:
6	"10-12C-11. EMPLOYER CONTRIBUTIONS[A.] The state,
7	through the administrative office of the courts, shall
8	contribute [the following amounts]:
9	A. from July 1, 2013 through June 30, 2014, twenty-
10	four and seventy-seven hundredths percent of salary for each
11	member in office to the fund
12	[(1) through June 30, 2006, ten percent of
13	salary for each member in office; and
14	(2) on and after July 1, 2006, eleven percent
15	of salary for each member in office, except that for members
16	whose annual salary is greater than twenty thousand dollars
17	(\$20,000):
18	(a) from July 1, 2009 through June 30,
19	2011, the state contribution rate shall be nine and one-half
20	percent of salary for each member in office;
21	(b) from July 1, 2011 through June 30,
22	2012, the state contribution rate shall be seven and three-
23	fourths percent of salary for each member in office; and
24	(c) from July 1, 2012 through June 30,
25	2013, the state contribution rate shall be nine and one-half
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1	percent of salary for each member in office.
2	B. Twenty-five dollars (\$25.00) from each civil
3	case docket fee paid in magistrate court and ten dollars
4	(\$10.00) from each civil jury fee paid in magistrate court
5	shall be paid by the court clerk to the employer's accumulation
6	fund]; and
7	B. on and after July 1, 2014, twenty-eight and
8	seventy-seven hundredths percent of salary for each member in
9	office to the fund."
10	SECTION 14. Section 10-12C-14 NMSA 1978 (being Laws 1992,
11	Chapter 118, Section 14) is amended to read:
12	"10-12C-14. COST-OF-LIVING ADJUSTMENT[A yearly
13	cost-of-living adjustment shall be made to each pension]
14	A. A qualified pension recipient is eligible for a
15	cost-of-living adjustment payable pursuant to the provisions of
16	the Magistrate Retirement Act [as provided in the Public
17	Employees Retirement Act] as follows:
18	(1) beginning July 1, 2013 and continuing
19	through June 30, 2015, there shall not be a cost-of-living
20	adjustment applied to a pension payable pursuant to the
21	Magistrate Retirement Act; and
22	(2) beginning on May 1, 2015 and no later than
23	each May 1 thereafter, the board shall certify to the
24	association the actuarial funded ratio of the fund as of
25	January 31 of the calendar year in which the board certifies

the funded ratio. On each July 1 following the board's certification of the funded ratio, the cost-of-living adjustment, if any, applied to a pension payable pursuant to the Magistrate Retirement Act shall be determined as follows:

(a) if the funded ratio of the fund, as certified by the board pursuant to this subsection, is greater than or equal to seventy percent, the amount of pension payable shall be increased two percent. The amount of the increase applied pursuant to this subparagraph shall be determined by multiplying the amount of the pension inclusive of all prior adjustments by two percent; and

(b) if the funded ratio of the fund, as certified by the board pursuant to this subsection, is less than seventy percent, the amount of pension payable shall not include a cost-of-living increase; provided, however, that if, pursuant to the provisions of this subparagraph, the cost-of-living adjustment is suspended for the two consecutive fiscal years immediately prior to the most recent certification by the board of the funded ratio: 1) the amount of pension payable in the fiscal year immediately following the two-year suspension shall be increased two percent regardless of the certified funded ratio; and 2) the provisions of this subparagraph shall apply without exception in the next succeeding fiscal year if the funded ratio certified by the board is less than seventy percent.

1	B. Pursuant to the Magistrate Retirement Act, a
2	qualified pension recipient is:
3	(1) a normal retired member who:
4	(a) retires on or before June 30, 2014
5	and has been retired for at least two full calendar years from
6	the effective date of the latest retirement prior to July 1 of
7	the year in which the pension is being adjusted;
8	(b) retires between July 1, 2014 and
9	June 30, 2015 and has been retired for at least three full
10	calendar years from the effective date of the latest retirement
11	prior to July l of the year in which the pension is being
12	adjusted;
13	(c) retires between July 1, 2015 and
14	June 30, 2016 and has been retired for at least four full
15	calendar years from the effective date of the latest retirement
16	prior to July l of the year in which the pension is being
17	adjusted; or
18	(d) retires after July 1, 2016 and has
19	been retired for at least seven full calendar years from the
20	effective date of the latest retirement prior to July 1 of the
21	year in which the pension is being adjusted;
22	(2) a normal retired member who is at least
23	sixty-five years of age and has been retired for at least one
24	full calendar year from the effective date of the latest
25	retirement prior to July l of the year in which the pension is
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1	being adjusted;
2	(3) a disability retired member who has been
3	retired for at least one full calendar year from the effective
4	date of the latest retirement prior to July 1 of the year in
5	which the pension is being adjusted;
6	(4) a survivor beneficiary who has received a
7	survivor pension for at least two full calendar years; or
8	(5) a survivor beneficiary of a deceased
9	retired member who otherwise would have been retired at least
10	two full calendar years from the effective date of the latest
11	retirement prior to July 1 of the year in which the pension is
12	being adjusted.
13	C. A qualified pension recipient may decline an
14	increase in a pension by giving the association written notice
15	of the decision to decline the increase at least thirty days
16	prior to the date the increase would take effect."
17	SECTION 15. Section 35-6-1 NMSA 1978 (being Laws 1968,
18	Chapter 62, Section 92, as amended) is amended to read:
19	"35-6-1. MAGISTRATE COSTSSCHEDULEDEFINITION OF
20	"CONVICTED"
21	A. Magistrate judges, including metropolitan court
22	judges, shall assess and collect and shall not waive, defer or
23	suspend the following costs:
24	docket fee, criminal actions under Section 29-5-1 NMSA
25	1978 \$ 1.00;
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1	docket fee, to be collected prior to docketing any other
2	criminal action, except as provided in Subsection B
3	of Section 35-6-3 NMSA 1978 20.00.
4	Proceeds from this docket fee shall be transferred
5	to the administrative office of the courts for
6	deposit in the court facilities fund;
7	docket fee, twenty dollars (\$20.00) of which shall be
8	deposited in the court automation fund [and],
9	fifteen dollars (\$15.00) of which shall be deposited
10	in the civil legal services fund and twenty-five
11	dollars (\$25.00) of which shall be deposited in the
12	general fund, to be collected prior to docketing any
13	civil action, except as provided in Subsection A of
14	Section 35-6-3 NMSA 1978 72.00;
15	jury fee, ten dollars (\$10.00) of which shall be deposited
16	in the general fund, to be collected from the party
17	demanding trial by jury in any civil action at the
18	time the demand is filed or made 25.00;
19	copying fee, for making and certifying copies of any
20	records in the court, for each page copied by
21	photographic process 0.50.
22	Proceeds from this copying fee shall be transferred
23	to the administrative office of the courts for
24	deposit in the court facilities fund; and
25	copying fee, for computer-generated or electronically

transferred copies, per page 1.00.

Proceeds from this copying fee shall be transferred

to the administrative office of the courts for

deposit in the court automation fund.

Except as otherwise specifically provided by law, docket fees shall be paid into the court facilities fund.

- B. Except as otherwise provided by law, no other costs or fees shall be charged or collected in the magistrate or metropolitan court.
- C. The magistrate or metropolitan court may grant free process to any party in any civil proceeding or special statutory proceeding upon a proper showing of indigency. The magistrate or metropolitan court may deny free process if it finds that the complaint on its face does not state a cause of action.
- D. As used in this subsection, "convicted" means the defendant has been found guilty of a criminal charge by the magistrate or metropolitan judge, either after trial, a plea of guilty or a plea of nolo contendere. Magistrate judges, including metropolitan court judges, shall assess and collect and shall not waive, defer or suspend the following costs:
- (1) corrections fee, to be collected upon conviction from persons convicted of violating any provision of the Motor Vehicle Code involving the operation of a motor vehicle, convicted of a crime constituting a misdemeanor or a

1	petty misdemeanor or convicted of violating any ordinance that
2	may be enforced by the imposition of a term of imprisonment as
3	follows:
4	in a county with a metropolitan court \$10.00;
5	in a county without a metropolitan court 20.00;
6	(2) court automation fee, to be collected upon
7	conviction from persons convicted of violating any provision of
8	the Motor Vehicle Code involving the operation of a motor
9	vehicle, convicted of a crime constituting a misdemeanor or a
10	petty misdemeanor or convicted of violating any ordinance that
11	may be enforced by the imposition of a term of
12	imprisonment
13	(3) traffic safety fee, to be collected upon
14	conviction from persons convicted of violating any provision of
15	the Motor Vehicle Code involving the operation of a motor
16	vehicle
17	(4) judicial education fee, to be collected upon
18	conviction from persons convicted of operating a motor vehicle
19	in violation of the Motor Vehicle Code, convicted of a crime
20	constituting a misdemeanor or a petty misdemeanor or convicted
21	of violating any ordinance punishable by a term of
22	imprisonment
23	(5) jury and witness fee, to be collected upon
24	conviction from persons convicted of operating a motor vehicle
25	in violation of the Motor Vehicle Code, convicted of a crime
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1	constituting a misdemeanor or a petty misdemeanor or convicted
2	of violating any ordinance punishable by a term of
3	imprisonment
4	(6) brain injury services fee, to be collected
5	upon conviction from persons convicted of violating any
6	provision of the Motor Vehicle Code involving the operation of
7	a motor vehicle
8	and
9	(7) court facilities fee, to be collected upon
10	conviction from persons convicted of violating any provision of
11	the Motor Vehicle Code involving the operation of a motor
12	vehicle, convicted of a crime constituting a misdemeanor or a
13	petty misdemeanor or convicted of violating any ordinance that
14	may be enforced by the imposition of a term of imprisonment as
15	follows:
16	in a county with a metropolitan court 24.00;
17	in any other county
18	E. Metropolitan court judges shall assess and collect
19	and shall not waive, defer or suspend as costs a mediation fee
20	not to exceed five dollars (\$5.00) for the docketing of small
21	claims and criminal actions specified by metropolitan court
22	rule. Proceeds of the mediation fee shall be deposited into
23	the metropolitan court mediation fund."
24	SECTION 16. APPROPRIATION Two million six hundred
25	sixty-seven thousand eighty-seven dollars (\$2,667,087) is
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appropriated from the general fund to the department of finance and administration for expenditure in fiscal year 2014 and subsequent fiscal years for distribution to the supreme court, court of appeals, district courts, Bernalillo county metropolitan court and administrative office of the courts to pay the increased employer contributions. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SECTION 17. APPROPRIATION. --

- A. Fifteen million dollars (\$15,000,000) is appropriated from the general fund for expenditure in fiscal years 2014 through 2016 to improve the funded ratios of the judicial retirement fund and the magistrate retirement fund as follows:
- (1) eleven million dollars (\$11,000,000) to the judicial retirement fund;
- (2) four million dollars (\$4,000,000) to the magistrate retirement fund; and
- (3) the total appropriation shall be divided and made in equal amounts in each of the three fiscal years. The fiscal year 2015 and fiscal year 2016 amounts are contingent upon funding by the legislature.
- B. Any unexpended or unencumbered balance remaining at the end of fiscal year 2016 shall revert to the general fund.

SECTION 18. SEVERABILITY.--If any part or application of this act is held invalid, the remainder or its application to other situations or persons shall not be affected.

SECTION 19. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2013.

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