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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/13

SPONSOR Leavell LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Times for Firefighter Service Credit Changes SB 421

ANALYST Clark

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	NFI			

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission (PRC)

Public Employees Retirement Association (PERA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 421 amends Section 10-11A-6 NMSA 1978 to limit the time period in which a volunteer firefighter may claim service credit. If a firefighter earned but did not receive a service credit, the claimant will be able to request credit for no more than the two preceding calendar years from the date of submission. Current statute allows a firefighter to request credit for any year back to 1979.

### FISCAL IMPLICATIONS

There are no significant fiscal implications.

### SIGNIFICANT ISSUES

This bill enables more effective and accurate actuarial studies by limiting the time period for which a volunteer firefighter may claim service credit to two years. The potential benefit to firefighters is the actuarial studies might show the ability to provide an increase in monthly payments to retired volunteer firefighters. This is difficult to prove currently when firefighters can claim credit as far back as 1979, creating significant uncertainty.

The PRC's State Fire Marshall Division provides the following analysis.

Volunteer firefighters, through their departments, various firefighter associations, and the State Fire Marshal Division, have expressed a desire to increase the monthly payouts in their PERA retirement plan. Although the law requires the PERA conduct an annual actuarial study, it is difficult to determine if the fund is able to support an increase since the number of volunteer firefighters that may qualify in any given year is difficult to ascertain. The difficulty of gauging the fund's solvency is made more difficult if previous years of service can be adjusted back to the beginning of the plan (1979), as allowed by the passage of HB 353 in 2009. By establishing a sunset date for unlimited adjustments to two years previous to any filing date a more accurate determination can be made of the fund's solvency and whether it can support payout increases.

Section 10-11A-2 NMSA 1978 was amended in 2009 to allow volunteer firefighters to apply for an adjustment to their years of credit service if the PERA records did not list them for years the individual felt they qualified and were not credited. The firefighter relied on the fire chief and mayor or county commission chairman to submit the proper paperwork and it was often discovered that the applications had not been submitted unbeknownst to the volunteer.

Such individuals have had opportunity since 2009 to apply for adjustments to their credited years. However, by allowing a two year period for adjustment requests, the individual volunteer firefighter has the opportunity to check their information with the PERA and correct the credits through their department, local government, and the PERA.

#### **ADMINISTRATIVE IMPLICATIONS**

This bill will somewhat reduce the volume of paperwork submitted by volunteer firefighters.

#### **AMENDMENTS**

The PERA provides the following proposed amendment to enable the PERA to require electronic submissions rather than paper submissions from the approximately 360 volunteer fire departments in the state.

On page 2, lines 9 and 10, strike "on forms provided" and insert in lieu thereof "in accordance with the procedures and schedules established".

JC/blm