

1 SENATE BILL 35

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

3 INTRODUCED BY

4 Gay G. Kernan

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9  
10 AN ACT

11 RELATING TO RETIREE HEALTH CARE; AMENDING THE RETIREE HEALTH  
12 CARE ACT BY INCREASING THE EMPLOYER AND EMPLOYEE CONTRIBUTION  
13 RATES PAID TO THE RETIREE HEALTH CARE FUND.

14  
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

16 SECTION 1. Section 10-7C-15 NMSA 1978 (being Laws 1990,  
17 Chapter 6, Section 15, as amended by Laws 2009, Chapter 287,  
18 Section 2 and by Laws 2009, Chapter 288, Section 3) is amended  
19 to read:

20 "10-7C-15. RETIREE HEALTH CARE FUND CONTRIBUTIONS.--

21 A. Following completion of the preliminary  
22 contribution period, each participating employer shall make  
23 contributions to the fund pursuant to the following provisions:

24 (1) for participating employees who are not  
25 members of an enhanced retirement plan, the employer's

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1 contribution shall equal:

2 (a) one and three-tenths percent of each  
3 participating employee's salary for the period from July 1,  
4 2002 through June 30, 2010;

5 (b) one and six hundred sixty-six  
6 thousandths percent of each participating employee's salary for  
7 the period from July 1, 2010 through June 30, 2011;

8 (c) one and eight hundred thirty-four  
9 thousandths percent of each participating employee's salary for  
10 the period from July 1, 2011 through June 30, 2012; ~~and~~

11 (d) two percent of each participating  
12 employee's salary ~~[beginning]~~ from July 1, 2012 through June  
13 30, 2017;

14 (e) two and twenty-five hundredths  
15 percent of each participating employee's salary from July 1,  
16 2017 through June 30, 2018;

17 (f) two and one-half percent of each  
18 participating employee's salary from July 1, 2018 through June  
19 30, 2019; and

20 (g) two and seventy-five hundredths  
21 percent of each participating employee's salary on and after  
22 July 1, 2019;

23 (2) for participating employees who are  
24 members of an enhanced retirement plan, the employer's  
25 contribution shall equal:

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1 (a) one and three-tenths percent of each  
2 participating employee's salary for the period from July 1,  
3 2002 through June 30, 2010;

4 (b) two and eighty-four thousandths  
5 percent of each participating employee's salary for the period  
6 from July 1, 2010 through June 30, 2011;

7 (c) two and two hundred ninety-two  
8 thousandths percent of each participating employee's salary for  
9 the period from July 1, 2011 through June 30, 2012; ~~[and]~~

10 (d) two and one-half percent of each  
11 participating employee's salary [~~beginning July 1, 2012; and~~]  
12 from July 1, 2012 through June 30, 2017;

13 (e) two and eight hundred thirteen  
14 thousandths percent of each participating employee's salary  
15 from July 1, 2017 through June 30, 2018;

16 (f) three and one hundred twenty-five  
17 thousandths percent of each participating employee's salary  
18 from July 1, 2018 through June 30, 2019; and

19 (g) three and four hundred thirty-eight  
20 thousandths percent of each participating employee's salary on  
21 and after July 1, 2019; and

22 (3) each employer that chooses to become a  
23 participating employer after January 1, 1998 shall make  
24 contributions to the fund in the amount determined to be  
25 appropriate by the board.

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1           B. Following completion of the preliminary  
2 contribution period, each participating employee, as a  
3 condition of employment, shall contribute to the fund pursuant  
4 to the following provisions:

5                   (1) for a participating employee who is not a  
6 member of an enhanced retirement plan, the employee's  
7 contribution shall equal:

8                           (a) sixty-five hundredths of one percent  
9 of the employee's salary for the period from July 1, 2002  
10 through June 30, 2010;

11                           (b) eight hundred thirty-three  
12 thousandths of one percent of the employee's salary for the  
13 period from July 1, 2010 through June 30, 2011;

14                           (c) nine hundred seventeen thousandths  
15 of one percent of the employee's salary for the period from  
16 July 1, 2011 through June 30, 2012; ~~and~~

17                           (d) one percent of the employee's salary  
18 ~~[beginning]~~ from July 1, 2012 through June 30, 2017;

19                           (e) one and one hundred twenty-five  
20 thousandths percent of the employee's salary from July 1, 2017  
21 through June 30, 2018;

22                           (f) one and two hundred fifty  
23 thousandths percent of the employee's salary from July 1, 2018  
24 through June 30, 2019; and

25                           (g) one and three hundred seventy-five

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1 thousandths percent of the employee's salary on and after July  
2 1, 2019;

3 (2) for a participating employee who is a  
4 member of an enhanced retirement plan, the employee's  
5 contribution shall equal:

6 (a) sixty-five hundredths of one percent  
7 of the employee's salary for the period from July 1, 2002  
8 through June 30, 2010;

9 (b) one and forty-two thousandths  
10 percent of the employee's salary for the period from July 1,  
11 2010 through June 30, 2011;

12 (c) one and one hundred forty-six  
13 thousandths percent of the employee's salary for the period  
14 from July 1, 2011 through June 30, 2012; ~~[and]~~

15 (d) one and one-fourth percent of the  
16 employee's salary ~~[beginning July 1, 2012; and]~~ from July 1,  
17 2012 through June 30, 2017;

18 (e) one and four hundred six thousandths  
19 percent of the employee's salary from July 1, 2017 through June  
20 30, 2018;

21 (f) one and five hundred sixty-three  
22 thousandths percent of the employee's salary from July 1, 2018  
23 through June 30, 2019; and

24 (g) one and seven hundred nineteen  
25 thousandths percent of the employee's salary on and after July

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1     1, 2019; and

2                     (3) as a condition of employment, each  
3 participating employee of an employer that chooses to become a  
4 participating employer after January 1, 1998 shall contribute  
5 to the fund an amount that is determined to be appropriate by  
6 the board. Each month, participating employers shall deduct  
7 the contribution from the participating employee's salary and  
8 shall remit it to the board as provided by any procedures that  
9 the board may require.

10                    C. On or after July 1, 2009, no person who has  
11 obtained service credit pursuant to Subsection B of Section  
12 10-11-6 NMSA 1978, Section 10-11-7 NMSA 1978 or Paragraph (3)  
13 or (4) of Subsection A of Section 22-11-34 NMSA 1978 may enroll  
14 with the authority unless the person makes a contribution to  
15 the fund equal to the full actuarial present value of the  
16 amount of the increase in the person's health care benefit, as  
17 determined by the authority.

18                    D. Except for contributions made pursuant to  
19 Subsection C of this section, a participating employer that  
20 fails to remit before the tenth day after the last day of the  
21 month all employer and employee deposits required by the  
22 Retiree Health Care Act to be remitted by the employer for the  
23 month shall pay to the fund, in addition to the deposits,  
24 interest on the unpaid amounts at the rate of six percent per  
25 year compounded monthly.

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1           E. Except for contributions made pursuant to  
2 Subsection C of this section, the employer and employee  
3 contributions shall be paid in monthly installments based on  
4 the percent of payroll certified by the employer.

5           F. Except in the case of erroneously made  
6 contributions or as may be otherwise provided in Subsection D  
7 of Section 10-7C-9 NMSA 1978, contributions from participating  
8 employers and participating employees shall become the property  
9 of the fund on receipt by the board and shall not be refunded  
10 under any circumstances, including termination of employment or  
11 termination of the participating employer's operation or  
12 participation in the Retiree Health Care Act.

13           G. Notwithstanding any other provision in the  
14 Retiree Health Care Act and at the first session of the  
15 legislature following July 1, 2013, the legislature shall  
16 review and adjust the distributions pursuant to Section 7-1-6.1  
17 NMSA 1978 and the employer and employee contributions to the  
18 authority in order to ensure the actuarial soundness of the  
19 benefits provided under the Retiree Health Care Act.

20           H. As used in this section, "member of an enhanced  
21 retirement plan" means:

22                   (1) a member of the public employees  
23 retirement association who, pursuant to the Public Employees  
24 Retirement Act, is included in:

25                           (a) state police member and adult

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1 correctional officer member coverage plan 1;  
2 (b) municipal police member coverage  
3 plan 3, 4 or 5;  
4 (c) municipal fire member coverage plan  
5 3, 4 or 5; or  
6 (d) municipal detention officer member  
7 coverage plan 1; or  
8 (2) a member pursuant to the provisions of the  
9 Judicial Retirement Act."

10 SECTION 2. EFFECTIVE DATE.--The effective date of the  
11 provisions of this act is July 1, 2016.