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SENATE BILL

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

Elizabeth "Liz" Stefanics and Peter Wirth and
Roberto "Bobby" J. Gonzales

ENDORSED BY THE COURTS, CORRECTIONS AND JUSTICE COMMITTEE

AN ACT

RELATING TO MAGISTRATE RETIREMENT; ALLOWING FOR THE
APPROPRIATION OF MONEY INTO THE MAGISTRATE RETIREMENT FUND;
INCREASING THE SERVICE CREDIT MULTIPLIERS PROVIDED IN THE
MAGISTRATE RETIREMENT ACT.

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

SECTION 1. 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.--

A. There is established in the state treasury the
"magistrate retirement fund". The fund ~~[is comprised]~~ consists
of appropriations, money received from docket fees of
magistrate courts, employer and member contributions and ~~[any]~~
all income derived from the investment ~~[earnings on fees and~~

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1 ~~contributions]~~ of the fund. The board is the trustee of the
2 fund and shall administer and invest the fund. Investment of
3 the fund shall be conducted pursuant to the provisions of the
4 Public Employees Retirement Act. The provisions of the
5 Magistrate Retirement Act shall be administered by the board.
6 The board is authorized to promulgate rules. Expenses related
7 to the investment of the fund and administration of the
8 Magistrate Retirement Act shall be paid from the fund.

9 B. For purposes of this section, the accounting
10 funds shall be known as the "member contribution fund",
11 "employer's accumulation fund", "retirement reserve fund" and
12 "income fund". The maintenance of separate accounting funds
13 shall not require the actual segregation of the assets of the
14 fund.

15 C. The accounting funds provided for in this
16 section are trust funds and shall be used only for the purposes
17 provided for in the Magistrate Retirement Act.

18 D. The member contribution fund is the accounting
19 fund in which shall be accumulated contributions of members and
20 from which shall be made refunds and transfers of accumulated
21 member contributions as provided in the Magistrate Retirement
22 Act. The member's court shall cause member contributions to be
23 deducted from the salary of the member and shall remit the
24 deducted member contributions to the association in accordance
25 with procedures and schedules established by the association.

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1 The association may assess an interest charge and a penalty
2 charge on any late remittance. Each member shall be deemed to
3 consent and agree to the deductions made and provided for in
4 this section. Contributions by members shall be credited to
5 the members' individual accounts in the member contribution
6 fund. A member's accumulated member contributions shall be
7 transferred to the retirement reserve fund when a pension
8 becomes payable.

9 E. The employer's accumulation fund is the
10 accounting fund in which shall be accumulated the contributions
11 paid by the state through the administrative office of the
12 courts. The state, through the administrative office of the
13 courts, shall remit its contributions to the association in
14 accordance with procedures and schedules established by the
15 association. The board may assess an interest charge and a
16 penalty charge on any late remittance.

17 F. The retirement reserve fund is the accounting
18 fund from which shall be paid all pensions to retired members
19 and survivor beneficiaries and all residual refunds to refund
20 beneficiaries of retired members and survivor beneficiaries.

21 G. Each year, following receipt of the report of
22 the annual actuarial valuation, the excess, if any, of the
23 reported actuarial present value of pensions being paid and
24 likely to be paid to retired members and survivor beneficiaries
25 and residual refunds likely to be paid to refund beneficiaries

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1 of retired members and survivor beneficiaries over the balance
2 in the retirement reserve fund shall be transferred to the
3 retirement reserve fund from the employer's accumulation fund.

4 H. The income fund is the accounting fund to which
5 shall be credited all interest, dividends, rents and other
6 income from investments of the fund, all gifts and bequests,
7 all unclaimed member contributions and all other money the
8 disposition of which is not specifically provided for in the
9 Magistrate Retirement Act. Expenses related to the
10 administration of the Magistrate Retirement Act shall be paid
11 for from the income fund.

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

18 SECTION 2. Section 10-12C-9 NMSA 1978 (being Laws 1992,
19 Chapter 118, Section 9, as amended by Laws 2014, Chapter 39,
20 Section 6 and by Laws 2014, Chapter 43, Section 6) is amended
21 to read:

22 "10-12C-9. AMOUNT OF PENSION.--

23 A. For a magistrate who was a member on June 30,
24 2014, the monthly pension is an amount equal to the sum of:

25 (1) for service credit earned on or before

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1 June 30, 2014, the amount is equal to one-twelfth of:
2 seventy-five percent
3 of salary received (number of years of
4 during last year in X .05 X service, not exceeding
5 office prior to fifteen years,
6 retirement plus five years); and

7 (2) for service credit earned on and after
8 July 1, 2014, an amount equal to one-sixtieth of the greatest
9 aggregate amount of salary received for sixty consecutive, but
10 not necessarily continuous, months in office multiplied by the
11 product of three and one-half percent times the sum of the
12 number of years of service.

13 B. For a magistrate who initially became a member
14 on or after July 1, 2014, the amount of monthly pension is
15 equal to one-sixtieth of the greatest aggregate amount of
16 salary received for sixty consecutive, but not necessarily
17 continuous, months in office multiplied by the product of three
18 percent times the sum of the number of years of service.

19 C. The amount of monthly pension under form of
20 payment A for a pension calculated pursuant to Subsection B of
21 this section shall not exceed [~~eighty-five~~] one hundred percent
22 of one-sixtieth of the greatest aggregate amount of salary
23 received for sixty consecutive, but not necessarily continuous,
24 months prior to the member leaving office.

25 D. The amount of monthly pension payable for a
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1 pension calculated pursuant to Subsection A of this section
2 shall not exceed [~~eighty-five~~] one hundred percent of one-
3 sixtieth of the greatest aggregate amount of salary received
4 for sixty consecutive, but not necessarily continuous, months
5 prior to the member leaving office. A pension benefit
6 determined pursuant to this subsection shall not be less than
7 the benefit earned as of June 30, 2014."

8 SECTION 3. Section 10-12C-10 NMSA 1978 (being Laws 1992,
9 Chapter 118, Section 10, as amended by Laws 2014, Chapter 39,
10 Section 7 and by Laws 2014, Chapter 43, Section 7) is amended
11 to read:

12 "10-12C-10. MEMBER CONTRIBUTIONS--TAX TREATMENT.--

13 A. [~~On and after~~] From July 1, 2014 through June
14 30, 2024, members, while in office, shall contribute ten and
15 one-half percent of salary to the member contribution fund.

16 B. On and after July 1, 2024, members, while in
17 office, shall contribute twelve and one-half percent of
18 salary to the member contribution fund.

19 [~~B.~~] C. Upon implementation, the state, acting as
20 employer of members covered pursuant to the provisions of the
21 Magistrate Retirement Act, shall, solely for the purpose of
22 compliance with Section 414(h) of the Internal Revenue Code of
23 1986, pick up, for the purposes specified in that section,
24 member contributions required by this section for all annual
25 salary earned by the member. Member contributions picked up

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1 pursuant to the provisions of this section shall be treated as
2 employer contributions for purposes of determining income tax
3 obligations under the Internal Revenue Code of 1986; however,
4 such picked-up member contributions shall be included in the
5 determination of the member's gross annual salary for all other
6 purposes under federal and state laws. Member contributions
7 picked up pursuant to the provisions of this section shall
8 continue to be designated member contributions for all purposes
9 of the Magistrate Retirement Act and shall be considered as
10 part of the member's annual salary for purposes of determining
11 the amount of the member's contribution. The provisions of
12 this section are mandatory, and the member shall have no option
13 concerning the pick up or concerning the receipt of the
14 contributed amounts directly instead of having the amounts paid
15 by the employer to the retirement system. Implementation
16 occurs upon authorization by the board. In no event may
17 implementation occur other than at the beginning of a pay
18 period applicable to the member."

19 SECTION 4. Section 10-12C-11 NMSA 1978 (being Laws 1992,
20 Chapter 118, Section 11, as amended by Laws 2014, Chapter 39,
21 Section 8 and by Laws 2014, Chapter 43, Section 8) is amended
22 to read:

23 "10-12C-11. EMPLOYER CONTRIBUTIONS.--

24 A. The state, through the administrative office of
25 the courts, shall contribute to the fund fifteen percent of

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1 salary for each member in office, except that, from July 1,
2 2014 through June 30, 2015, the state contribution rate shall
3 be eleven percent of salary for each member in office and
4 except that, on or after July 1, 2024, the state contribution
5 rate shall be twenty-one and one-half percent of salary for
6 each member in office.

7 B. Twenty-five dollars (\$25.00) from each civil
8 case docket fee paid in magistrate court and ten dollars
9 (\$10.00) from each civil jury fee paid in magistrate court
10 shall be paid by the court clerk to the employer's accumulation
11 fund."

12 SECTION 5. EFFECTIVE DATE.--The effective date of the
13 provisions of this act is July 1, 2024.