

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION
WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: _____ *Check all that apply:*
Bill Number: SB 150 Original Correction
 Amendment Substitute

Sponsor: Senator Stefanics **Agency Name and Code** 366-PERA
Short Title: JUDICIAL RETIREMENT CHANGES **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Effective July 1, 2025, SB150 amends the Judicial Retirement Act [NMSA 1978 10-12B-1 et seq.] to decrease the vesting period for judges who became a member on or after July 1, 2014 from eight years to five years making the vesting period consistent among all JRA members. Except for judges who took the bench before July 1, 1980, the bill proposes to increase the pension multiplier for service credit earned on or after July 1, 2025 to 4% for ten years or 120 months of the judge or justice's service credit and then decreases the pension multiplier to 3.5% for the judge or justice's service credit that exceeds ten years or 120 months. The bill also increases the current pension maximum of 85% of final average salary to 100% of final average salary. Finally, the bill increases employer contributions from 15% to 19.24% and the employee contributions from 10.5% to 14.74%.

FISCAL IMPLICATIONS

Because SB150 requires the member and employer to increase the employee and employer contributions it could have a positive impact to the funding ratio, however the increase in service credit to 4% for the first 10 years will have a negative impact to the fund. As SB150 also permits a member to earn up to 100% of final average salary, it will allow for increased pension benefits, which will have a small positive impact to the fund. However, because a member who increases their benefit under these new provisions will also work for a longer period of time, they will ultimately collect a pension for fewer years than if they had retired earlier. The proposed benefit provision changes increases the unfunded liability from \$76 million to \$80.2 million and decreases the funded ratio from 60.5% to 59.2%. The increased contributions provides significant funding to the system and improves the financial stability and decreases the amortization period from infinite to 29 years for the Judicial Fund.

SB150 should not have an impact to PERA's operating budget.

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

SB150 will not affect PERA's performance measures.

ADMINISTRATIVE IMPLICATIONS

PERA will have to make modifications to its pension administration system to ensure that credited service after an employee reaches the 85% benefit maximum now accounts for

additional service up to the new 100%. PERA will also have to update validations in the pension administration system for the new contribution rates. PERA will also have to make system modifications to its pension administration system to apply the 4% and 3.5% service credit multiplier.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

The legislation requires technical amendments.

On page 9, line 13, the language should be “on or after July 1, 2014, but on or before June 30, 2025.” The purpose is to provide a closing date to this tier due to the inclusion of a new tier in Subsection E of that section.

On page 9, lines 15 and 16, the language should be “but on or before June 30, 2025” to remain consistent with the prior sections and due to the inclusion of July 1 within Paragraph (2) of that subsection.

There are certain subsections within Section 2 of the legislation that refer to years of “service credit,” and there are provisions that refer to “years of service.” PERA acknowledges that existing law includes inconsistencies, but suggests consistent use of the phrase “years of service credit” throughout.

OTHER SUBSTANTIVE ISSUES

The judicial fund is already complex when calculating a member’s retirement benefit. Adding additional layers of pension factors would only increase the complexity, making it more difficult for members to understand how their benefit is determined.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Judicial active members would continue to have contribution rates and service credit calculated under the applicable section of the Judicial Retirement Act.

AMENDMENTS

None.