

# ***NEW MEXICO SENATE DEMOCRATS***

For immediate release

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## **SENATE REVIEW: February 26, 2013**

### **PERA Bill Headed to Floor Despite Governor's Threat of Veto**

The Senate Finance Committee passed an amended version of Senate Bill 27, "Public Employee Retirement Changes," sponsored by Senator George K. Munoz (Cibola, McKinley, San Juan, District 4) even though a representative of Governor Susana Martinez threatened at the hearing that the bill would be vetoed.

SB 27 would affect all current and retired members of the Public Employees Retirement Association by reducing annual cost of living adjustments from 3 percent to 2 percent, beginning in 2014. Workers earning less than \$20,000 would have their COLAs reduced to 2.5 percent. PERA officials have said that the reduction is the most effective way to shore up the diverse retirement plan, which they say will eventually become insolvent at the current funding levels.

In addition, a phased-in schedule of increased contributions by both government employees and government employers would increase by 1.5 percent over current contribution levels. Current workers who retire before June 30, 2014, would have to wait two full calendar years for the 2 percent increase, three years before June 30, 2015, four years before June 30, 2015, and seven years thereafter.

A spokesman for the governor's office has already announced the Governor Martinez feels that the government increase is too generous and wants it reduced to 0.4 percent. Critics of her declaration said that her threat and decreased figure was announced way too late in the Legislative process and could have been voiced earlier in the negotiations.

"It is highly important that the Legislature act on keeping the retirement plans of both our public servants and teachers on solid financial footing," said Senate Majority Floor Leader Michael S. Sanchez (Valencia, Bernalillo, District 29). "These dedicated employees from all levels of government are crucial to our society as a whole and we owe it to them to honor their retirement contracts as they fulfill their lifetime commitments to public service."

Among other highlights of the bill: the annual service credit toward retirement remains at 3

percent for general employees hired before 2010. The rate is reduced to 2.5 percent for those hired after June 30, 2010, and they also must work until at least age 55 even though they might have already reached the 75 percent retirement threshold. On the other hand, the bill allows for an employee to accrue retirement service credits of up to 90 percent of his/her final retirement-salary determination by working longer than 30 years. Currently the final retirement is capped at 80 percent, no matter how many extra years are worked. Employees hired after 2010 will also have their final salary based upon their highest five years of salary, up from the current three highest paid years. Law enforcement, corrections and fire protection personnel, who currently have a 20-year option, will also be affected by the bill. The bill now heads to the floor for a vote.

### **Senate Bill 131: Cited Drivers No Longer Immediately Compelled To Decide to Pay or Contest on the Spot**

The state Senate unanimously passed a bill Tuesday that eliminates a payment quandary when a driver issued a traffic citation immediately chooses to pay an uncontested traffic fine directly to Motor Vehicles rather than contest the ticket in court then changes their mind later – or vice versa.

Senate Bill 131, sponsored by Joseph Cervantes (Dona Ana, District 31), proposes to take MVD out of the payment loop when ticket fines are paid either through the mail or to statewide municipal or magistrate courts. Senator Cervantes said that there have been occurrences when drivers changed their minds, pursued action opposite of what they originally decided and then warrants were later issued for non-payment because neither the courts nor MVD knew that the citation was resolved at the other end.

Drivers will no longer have to make up their minds on the spot as there will be a deadline to pay or appear in court, with both deadlines handled by either municipal or magistrate courts in the jurisdiction of where the alleged offense occurred.

The bill stipulates that all payments will be collected by the courts and eventually through the Administrative Office of the Courts (AOC) in Santa Fe. Drivers will no longer have to make up their mind on the spot whether to pay or contest in court because all penalty transactions will be handled on the court side. SB 131 also calls for a onetime \$500,000 appropriation to AOC to purchase scanning equipment that will expedite collections and enforcement of non-payment violators.

A fiscal analysis estimates that the new system has the potential to generate nearly \$1 million a year based on the historical number of citations in metro and magistrate courts and from past fees collected from the MVD.

## **Bill Would Waive Utility Reconnect Fees for Returning Veterans**

Senate Bill 574 sponsored by Senator Bill Soules (Las Cruces, District 37) would allow the duty-free suspension of essential home utility services such as gas, electricity and telecommunications for members of the military deployed for longer than 30 days in service of the United States.

Utility companies regulated by the Public Regulation Commission would be required to reconnect services upon the individual's arrival without charging a reconnection fee. A committee substitute for the original bill removed a requirement to reconnect cable without a fee because cable is seen as an optional and not necessary utility. An analysis of the bill says the waived reconnect fees would more than likely be absorbed by the utility's other rate payers. The bill unanimously passed the committee and will next be heard in Senate Corporations and Transportation.