



Summary of 2023 Legislation Affecting Municipalities

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Budget & Investments

HB 2 & 3 GENERAL APPROPRIATION ACT OF 2023 (Nathan Small) Action: Signed by Governor, with line item vetoes

House Bill 2 is the General Appropriations Act of 2023 reflecting the comprehensive state budget recommendation for Fiscal Year 2024. HB2 appropriates \$9.4 billion in recurring General Fund revenues, as well as \$2.36 billion in non-recurring General Fund revenues.

HB2 makes a number of one-time appropriations to support local governments, including:

- ***\$55 million in general fund monies for airport projects statewide.*** Funds are appropriated to the Department of Transportation's Aviation Division, to distribute to airports. The appropriation does not name specific airports.
- ***\$100 million for law enforcement initiatives,*** including initiatives benefiting local departments:
 - \$32.5 million for a law enforcement workforce capacity building fund, to provide grants to municipal police departments and county sheriff's offices to increase the available workforce of law enforcement officers.
 - \$57 million for state and local law enforcement agencies for commissioned law enforcement officers and civilian personnel for crime reduction efforts
 - \$10 million for felony warrant enforcement statewide
- \$4 million for the firefighter survivors' fund
- \$4 million for the law enforcement survivors' fund
- \$10 million to provide grants to local governments to support housing infrastructure.
- \$8 million for cost overruns for local capital outlay projects.
- \$7.5 million for water supply infrastructure in Gallup.
- \$10 million for state and local match assistance for federal grants.
- \$5 million for infrastructure upgrades in response to the McBride fire in Ruidoso and Lincoln County.
- \$5.9 million to the Economic Development Department to assist in diversifying and promoting the economy of communities affected by the closure of fossil fuel plants.
- \$5 million for upgrades to drinking water systems in Grants.

For a comprehensive summary of the bill, refer to the bill's [fiscal impact report](#). For the final bill, including vetoed language, see [here](#).

SB 192 ADDITIONAL APPROPRIATIONS & CONFIDENTIALITY (George K Munoz) Action: Signed by Governor, with line item vetoes

Senate Bill 192 ("Junior Bill") makes legislators' General Fund appropriations and authorizes their expenditures. SB 192 provides an exception to legislative confidentiality, by making public legislators' allocations.

See final bill with vetoed language [here](#).

Infrastructure & Capital Outlay

HB 78 AVIATION FUND GRT DISTRIBUTION SUNSET (Dayan Hochman-Vigil) Action: Signed by Governor

House Bill 78 removes a delayed repeal date for a Gross Receipts Tax (GRT) distribution to the State Aviation Fund. HB 78 increases distributions to the fund, from \$3 million to \$6 million annually.

HB 298 PUBLIC PROJECT REVOLVING FUND APPROPS. (Ambrose M Castellano) Action: Signed by Governor

House Bill 298 makes an appropriation from the public project revolving fund to the drinking water state revolving loan fund, the water and wastewater project grant fund, the cultural affairs facilities infrastructure fund and the local government planning fund.

SB 1 REGIONAL WATER SYSTEM RESILIENCY (Peter Wirth) Action: Signed by Governor

Senate Bill 1 enacts the Regional Water System Resiliency Act and authorizes the creation of regional utility authorities, provides the powers and duties of authorities and their boards of directors, specifically authorizing the issuance of bonds; providing for the transfer of assets, liabilities including water rights.

SB 6 HERMITS PEAK-CALF CANYON FIRE RECOVERY FUNDS (Pete Campos) Action: Signed by Governor

Senate Bill 6 requires the Local Government Division of the Department of Finance and Administration to provide zero-interest loans to political subdivisions of the state for projects to replace or repair infrastructure damaged by fire, flooding or debris flows caused by the Hermits Peak-Calf Canyon Fire. It requires approval for federal public assistance grants and requires reimbursement contracts and provides for enforcement. CS/SB 6 SFC appropriates one million dollars (\$100,000,000) and declares an emergency.

HB 505 CAPITAL OUTLAY PROJECTS (Derrick Lente) Action: Signed by Governor, with line item vetoes

House Bill 505 authorizes capital outlay expenditures, establishing conditions for the reversion of unexpended balances, makes appropriations and declares an emergency.

For a list of local projects, refer to projects under Local Government Division [here](#). For final bill including vetoed language, see [here](#).

SB 309 CAPITAL OUTLAY REAUTHORIZATIONS (Nancy Rodriguez) Action: Signed by Governor, with line item vetoes

Senate Bill 309 re-authorizes or re-appropriates balances related to capital expenditures; expands or changes purposes; extends expenditure periods; changes agencies; and sets conditions for the reversion or transfer of unexpended balances of appropriations made by the legislature in prior years. An emergency is declared.

SB 332 NMFA PUBLIC PROJECT REVOLVING FUND PROJECTS (Nancy Rodriguez) Action: Signed by Governor

Senate Bill 332 authorizes the New Mexico finance authority to make loans for public projects from the public project revolving fund and declares an emergency.

Tax Policy

SB 147 TAX CHANGES (Benny Shendo) Action: Signed by Governor

Senate Bill 147 makes several tax code changes: Cannabis tax assessed on destination-based sourcing; allow tribal taxes to differ from surrounding local government tax rates; clarify definitions for disclosed agency and gross receipts; changes in reporting to Taxation and Revenue; exempt services and digital purchases by government agencies from taxation;

exempt certain health care providers from Gross Receipts Tax; clarify Trip Tax and Premium Tax amounts. SB 147 makes conforming changes to statutes and declares an emergency.

HB 547 TAX CHANGES (Derrick Lente) Action: Signed by Governor, with line item vetoes

Note: Most of HB547 was vetoed by the Governor. The below summary notes provisions that were signed by the Governor; anything not specifically noted as signed was vetoed.

House Bill 547 is an omnibus tax bill including a number of tax code changes.

Bill provisions impacting municipalities are:

- **Industrial Revenue Bonds for energy storage.** Allows local governments to issue IRBs for energy storage facilities. Intended to incentive retrofitting large-scale wind or solar installations with battery electric storage. *Fiscal impact uncertain; dependent on whether local governments issue IRBs for newly-eligible projects, which would provide GRT deductions for equipment installed in eligible projects.*

Estimated Local Government Impacts of HB547 (\$ millions)				
Tax Provision	FY24	FY25	FY26	FY27
Industrial Revenue Bonds	Indeterminate			
Childcare GRT Deduction	(\$12,060)	(\$12,175)	(\$12,615)	(\$12,865)
Medicaid Renovation GRT Deduction ¹	(\$180)	(\$170)	(\$180)	(\$180)
Geothermal Energy Generation Tax Credit	(\$1,420)	(\$1,420)	(\$1,420)	(\$1,420)
Healthcare Practitioner Copayment or Deductible GRT (Signed by Gov.)	(\$10,800)	(\$12,300)	(\$13,900)	(\$15,500)
Dyed Diesel Fuel GRT Exemption	(\$3,253)	(\$3,253)	(\$3,253)	(\$3,253)
Liquor Excise Tax	\$179	\$364	\$370	\$375
Transportation Project Fund			\$18,300	\$18,800

¹ Represents midpoint of FIR estimate

Source: LFC FIR

Estimated FY24 fiscal impact to local governments between -\$8.2 million and -\$15.8 million.

- **Childcare provider GRT deduction:** Creates a GRT deduction for the sale of childcare assistance through licensed program or for-profit kindergarten providers. *Estimated FY24 fiscal impact to local governments -\$8.2 million and -\$15.8 million. Signed by Governor*
- **Healthcare practitioner copayment or deductible GRT deduction:** Expands the GRT deduction for receipts from copayments or deductibles paid to a healthcare provider. *Estimated FY24 fiscal impact to local governments -\$10.8 million. Signed by Governor*
- **Medicaid renovation GRT deduction.** Creates a GRT deduction for providers that install medical equipment for Medicaid recipients. *Estimated FY24 fiscal impact to local governments -\$180 thousand.*
- **Geothermal Energy Generation Tax Credit.** Creates a geothermal electricity generation income tax credits and companion gross receipts and compensating tax deductions. *Estimated FY24 fiscal impact to local governments -\$1.4 million.*
- **Dyed Diesel Fuel GRT Exemption.** Exempts the sale and use of dyed special fuels from the gross receipts and compensating tax when used for agricultural purposes. *Estimated FY24 fiscal impact to local governments -\$3.2 million (likely affects counties primarily; small impact on municipalities)*
- **Motor vehicle excise tax distributions.** Restructures the MVX tax distribution to direct 75 percent to the state road fund and 25 percent to the transportation project fund, beginning in FY25. The project fund provides funding for municipal, county, and tribal projects including planning, design, construction, and right of way acquisition for highways, streets, roadways, bridges, crossing structures, parking facilities, and other transportation infrastructure. *The Transportation Project Fund will receive an additional \$18 million annually, beginning in FY26; the State Road Fund will receive an additional ~\$76 million annually in FY24, increasing to an additional ~\$156 million in FY26.*

- **Liquor excise tax increases.** Increases liquor excise tax rates by 20 percent and adjusts the distribution of revenues, including changing the amount distributed to municipalities located in a Class A county with a population between 30,000 and 60,000 from a fixed rate to a percentage. *Estimated FY24 fiscal impact to local governments \$179 thousand, increasing to #75 thousand in FY27. Currently, only affects Farmington.*

In addition, HB547:

- **Reduces the state GRT and compensating tax rate by 0.5 percent over four years.** The rate will reach 4.375 percent in FY27. The rate would be restored to previous levels if revenues decline by more than 5 percent before 2037.
- **Restructures the personal income tax rates and brackets** to increase the number of brackets, adjust the rates, and change the income range within each bracket.
- Requires that income levels eligible to receive the **low-income comprehensive tax rebate (LICTR) be adjusted to account for inflation**, and also **expands the income range** and slightly increases the rebate amount
- **Amends the rural healthcare practitioner income tax credit** to add several categories of health workers to the list of approved practitioners eligible to receive the credit.
- **Increases the child tax credit** for the lowest three income levels from \$175 to \$600, \$150 to \$400, and \$125 to \$200, and requires annual adjustments for inflation. **Signed by Governor**
- **Amends the limit of capital gains that may be deducted from personal income tax**, from the greater of \$1,000 or 40 percent of net capital gain income to a maximum of \$2,500.
- **Provides a one-time personal income tax rebate** of \$500 for single filers and married individuals filing separate returns and \$1,000 for married individuals filing jointly. **Signed by Governor**
- **Increases the adopted special needs child credit** from \$1,000 per child to \$1,500 per child.
- **Creates a single corporate income tax rate of 5.9 percent.**
- **Adjusts income caps on the income tax exemption for social security income to account for inflation.**
- **Increases benefits of the film tax credit**, including raising the cap for non-New Mexico film partners, expanding subsidies for nonresidents, and enhancing the benefit of filming in rural locations. **Signed by Governor**
- **Removes the 50 cents per cigar cap** on the tobacco products tax on cigars.
- **Replaces the three-factor business income apportionment formula** with an opt-out single sales factor through tax year 2028, and shifts to single-sales factor only after that.

For a comprehensive analysis of the bill's provisions and fiscal impacts, see the fiscal impact [report](#).

SB 157 GRT DISTRIBUTION TO HOBBS (Gay G. Kernan) Action: **Vetoed**

Senate Bill 157 provides an offset distribution from the General Fund to the City of Hobbs. SB 157 makes a \$25 million appropriation.

SB 251 METRO DEVELOPMENT ACT CHANGES (Carrie Hamblen) Action: **Signed by Governor**

Senate Bill 251 provides for property tax, local option tax, and state tax revenue to fund Metropolitan Redevelopment Areas (MRA). SB 251 authorizes bond issues from local and state Gross Receipts Tax revenue and prohibits the use of property tax revenue for this purpose. The bill also removes requirements for sealed bidding and approval of contracts by local governments for certain contracts. Local governments are permitted to delegate certain powers to a metropolitan development agency.

SB 292 CARLSBAD/ EDDY COUNTY GROSS RECEIPTS (Gay G. Kernan) Action: Vetoed

Senate Bill 292 provides an offset distribution of Gross Receipts Tax revenue to the City of Carlsbad. SB 292 makes a \$25 million appropriation.

Law Enforcement & Public Safety

SB 368 LAW ENFORCEMENT BODY CAM EXCEPTIONS (Harold James Pope) Action: Signed by Governor

Senate Bill 368 provides exceptions in certain situations to the requirement that law enforcement use body-worn cameras. The bill provides that officers are not required to wear body cameras during undercover operations or explosive recovery and disposal operations. The bill also amends statute relating to the presumption of bad faith when an officer fails to comply with body camera requirements (under the amended statute, officers "may" be presumed to have acted in bad faith).

HB 40 NONTRADITIONAL COMMUNICATION REGISTRY (Elizabeth "Liz" Thomson) Action: Signed by Governor

House Bill 40 creates a Nontraditional Communication or Disability Registry which requires police officers, while enforcing traffic laws, to determine whether a motor vehicle is in this registry, and if so, take appropriate safety precautions.

HB 345 FIREFIGHTER RECRUITMENT (Cynthia D Borrego) Action: Vetoed

House Bill 345 provides recruitment disbursements to newly hired firefighters; creates a Firefighter Recruitment Fund (Fund); and requires distribution and oversight of the Fund by the Homeland Security and Emergency Management Department.

HB 357 LAW ENFORCEMENT WORKFORCE BUILDING FUND (Meredith Dixon) Action: Signed by Governor

House Bill 357 creates the Law Enforcement Workforce Capacity Building Fund, the Public Attorney Workforce Capacity Building Fund, provides funding for the recruitment and retention of law enforcement officers, public defenders and prosecutors.

SB 19 LAW ENFORCEMENT & PUBLIC SAFETY TELECOMM (Antonio "Moe" Maestas) Action: Signed by Governor

Senate Bill 19 amends several statutes related to law enforcement and public safety telecommunicator professions, requires more training and performance standards, and appropriates funds for the New Mexico Law Enforcement Academy.

Key changes include:

- **Requiring the Department of Public Safety to create a searchable public database** showing the outcomes of adjudicated misconduct investigations involving law enforcement officers and dispatch. The database must include outcomes of misconduct investigations that resulted in dismissal, denial, suspension, or revocation of an officer or dispatcher's certification. DPS must create the database by July 1, 2024.
- **Expanding membership of the Law Enforcement Standards and Training Council** from seven to 11 appointed members. The bill adds to the council: two dispatchers, one sheriff, and one municipal law enforcement officers in a command position.

- **Enacting the Use of Force Procedures Act**, which:
 - Requires law enforcement agencies to develop and maintain use-of-force policies;
 - Prohibits certain uses of force by officers (shooting into feeling motor vehicles and use of vascular neck restraints, except in certain circumstances);
 - Provides for penalties regarding unlawful uses of force by officers; and
 - Creates a duty for officers to intervene to prevent the use of excessive force.
- **Expanding membership of the Law Enforcement Certification Board** from nine to 11 members, removing two members, and adding: one current or retired local law enforcement officer, one dispatcher, one professor of criminal justice, one citizen-at-large.

SB 250 FIREFIGHTER SURVIVOR BENEFITS (William F Burt) Action: Signed by Governor

Senate Bill 250 increases the amount of death benefits of a firefighter killed in the line of duty, from \$250,000 to \$1 million.

SB 491 HEALTH PREMIUM TAX FOR LAW ENFORCEMENT (George K Munoz) Action: Signed by Governor

Senate Bill 491 directs 10 percent of health insurance premium tax revenue to the Law Enforcement Protection Fund, resulting in an additional \$22 million annually to the LEPF, ensuring solvency and continued distributions to law enforcement agencies.

Courts & Criminal Justice

HB 9 UNLAWFUL ACCESS TO FIREARM BY MINOR (Pamelya Herndon) Action: Signed by Governor

House Bill 9 relates to crime and creates the misdemeanor crime of negligently making a firearm accessible to a minor and the fourth-degree felony of negligently making a firearm accessible to a minor which results in great bodily harm or death.

SB 47 DRIVER'S LICENSE SUSPENSION PENALTIES (Peter Wirth) Action: Signed by Governor

Senate Bill 47 relates to driver's licenses and changes the penalties for the suspension of a driver's license.

HB 76 JUDICIAL EDUCATION SVCS FUND & ADMIN (Dayan Hochman-Vigil) Action: Signed by Governor

House Bill 76 relates to courts and provides that the Administrative Office of the Courts shall administer the Judicial Education Fund, instead of the University of New Mexico Law School, and appropriates \$2,114,100 to this fund.

HB 139 ELIMINATING COURT FEES (Micaela L Cadena-Lara) Action: Signed by Governor

House Bill 139 eliminates post-adjudication fees for criminal and traffic cases, including in municipal courts. The bill also includes provisions expanding the types of community service that can be applied in lieu of fees and increase the credit for community service and jail time in lieu of payment.

HB 306 PURCHASE OF FIREARMS FOR ANOTHER (T. Ryan Lane) Action: Signed by Governor

House Bill 306 prohibits the unlawful purchase of a firearm for another.

HB 462 NUISANCE PENALTIES & PROCEDURES (Gail C. Chasey) Action: Signed by Governor

House Bill 462 amends procedures and penalties for nuisances within municipalities.

Labor & Workforce

HB 106 INCREASE PUBLIC EMPLOYEE PENSION MAX (Eliseo Lee Alcon) Action: Signed by Governor

House Bill 106 increases the maximum amount of pension that a member is permitted to earn pursuant to the public employees retirement act, from 90 to 100 percent of final average salary.

Environment & Natural Resources

SB 53 STORAGE OF CERTAIN RADIOACTIVE WASTE (Jeff Steinborn) Action: Signed by Governor

Senate Bill 53 amends the Radioactive and Hazardous Materials Act by prohibiting the storage and disposal of radioactive materials, transuranic contaminated waste or low-level waste in a disposal facility until the state has consented to the creation of the disposal facility. It prohibits the issuance or certification of a permit for the construction or operation of a disposal facility for spent fuel or high-level waste unless the state has consented to the creation of the disposal facility and a permanent repository is in operation. SB53 amends the definition of disposal facility and the duties and composition of the Radioactive Waste Consultation Task Force. It declares an emergency.

HB 379 LOCAL GOV'T & REFRIGERANT USE BANS (Ambrose M Castellano) Action: Signed by Governor

House Bill 379 provides that municipalities and counties shall not prohibit the use of certain refrigerants or the installation and listing of equipment that contains certain refrigerants.

Local Governance & Elections

HB 4 VOTING RIGHTS PROTECTIONS (Javier I Martinez) Action: Signed by Governor

House Bill 4 is a voting rights bill that makes numerous changes to the Election Code such as automatic voter registration provisions, allowing inmates to vote upon release; removing the cancelation of a voter's registration upon a felony conviction; creating a voluntary permanent absentee voter list; enacts the Native American Voting Rights Act; and declares Election Day a school holiday.

HB 207 EXPAND HUMAN RIGHTS ACT SCOPE (Kristina Ortez) Action: Signed by Governor

House Bill 207 relates to human rights and extends the scope of the Human Rights Act to apply to certain actions of the state, political subdivisions and public contractors, and expands the list of protected classes to include gender.

HB 232 DISCLOSURE OF CERTAIN INFO (Debra Mari Sarinana) Action: Signed by Governor

House Bill 232 amends the Inspection of Public Records Act to exempt from disclosure information certain sensitive or personally identifiable information.

HB232 exempts certain types of law enforcement records from public inspection, including personally identifiable information for certain crime victims and witnesses or for individuals accused but not charged with a crime; visual depictions of great bodily harm, dead bodies, and intimate body parts; and visual or audio depictions of the notification of a member of the public of a family member's death. In addition, the bill requires that requests for release of audio or video include additional information, such as approximate time or location.

SB 43 INTIMIDATION OF ELECTION OFFICIALS (Katy Duhigg) Action: Signed by Governor

Senate Bill 43 amends the crime of intimidation to include acts against employees and agents of the secretary of state, county clerks, and municipal clerks.

SB 180 ELECTION CHANGES (Katy Duhigg) Action: Signed by Governor

Senate Bill 180 makes numerous changes to the Election Code, such as allowing voters to choose to be on a permanent absentee ballot list and allowing for the electronic gathering of signatures for nominating petitions.

Other Bills

HB 7 REPRODUCTIVE & GENDER-AFFIRMING HEALTH CARE (Linda Serrato) Action: Signed by Governor

House Bill 7 enacts new sections of Chapter 24 NMSA 1978 to create the Reproductive and Gender Affirming Healthcare Freedom Act, establishing a prohibition on discrimination or denial of services or support to any person seeking access to reproductive health care or gender affirming health care within the medical standard of care. Penalties for violation are established.

HB 299 ELEVATOR SAFETY ACT (Ambrose M Castellano) Action: Signed by Governor

House Bill 299 enacts the Elevator Safety Act that provides for inspection and registration of elevators.

SB 13 REPRODUCTIVE HEALTH PROVIDER PROTECTIONS (Linda M. Lopez) Action: Signed by Governor

Senate Bill 13 protects the privacy of providers, recipients and others engaging in reproductive and gender affirming health care. Protections are created for providers, recipients and others engaging in reproductive and gender affirming healthcare from certain civil or criminal liability or professional disciplinary action. The bill also provides for enforcement, imposes penalties, and prescribes relief.