



Summary of 2024 Legislation Affecting Municipalities

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Budget & Investments

HB 2 GENERAL APPROPRIATION ACT OF 2024 (Nathan Small) **Signed by Governor with Line Item Vetoes**

House Bill 2 (the General Appropriation Act) makes appropriations and authorizes expenditures by state agencies. The bill includes **\$10.2 billion in recurring spending for FY25**, representing a 6.8 percent increase over the current fiscal year budget. In addition, HB2 includes \$1.3 billion in one-time special and supplemental appropriations and \$205 million from the general fund for road construction, maintenance, and beautification. The bill also transfers over \$1.3 billion from the general fund to several endowments and expendable trusts for future spending, including natural resources, housing, and government innovation pilot projects. The bill holds general fund reserves at 32 percent of recurring spending.

HB2 includes some one-time appropriations that benefit local governments:

- **A \$25 million appropriation for grants to state and local fire departments for recruitment of firefighters and emergency medical technicians.** Grants will be administered by the Department of Finance and Administration.
- **A \$25 million appropriation for recruitment grants to law enforcement, correctional, and detention officers.** Grants will be administered by the Department of Finance and Administration.
- **A \$75 million appropriation for matching assistance to local entities to match federal grants.** Funding will be administered by the Department of Finance and Administration. (HB177 includes criteria on distribution of funding to local entities).
- **A \$50 million appropriation to the Water Project Fund and \$50 million to the Water Trust Fund.** The appropriation to the Water Project Fund will fund a number of projects that were vetted and approved by the Water Trust Board for the 2024 cycle, but which wouldn't have been funded under original funding levels. The appropriation to the Water Trust Fund increases available funding for future years.

This year's HB2 also includes supplemental appropriations to local governments (appropriations that have been included in a separate "junior" bill in previous years). This year's supplemental appropriations are for two fiscal years (FY25 and FY26) and, for local governments, are appropriated to the regional councils of government for distribution to local entities. See supplemental appropriations to local governments starting on page 247 of [HB2](#).

HB2 also includes funding for shortfalls in the employee group health benefits program – the subject of ongoing litigation due to the state's charging of local governments for retroactive payments. HB2 includes \$60.7 million for prior-year shortfalls, and \$25.4 million for current year shortfalls. However, these amounts fall short of addressing the fund deficit, which is almost \$120 million, according to a recent audit.

Infrastructure & Capital Outlay

HB 28 PUBLIC PROJECT REVOLVING FUND PROJECTS (Joy Garratt) **Signed by Governor**

House Bill 28 provides authorization for the New Mexico Finance Authority to issue loans from the Public Project Revolving Fund to various qualified entities for specific public projects. It includes conditions for

voiding authorization if entities do not express their intent to pursue a loan by a certain deadline. *Refer to [HB28](#) for a list of authorized projects.*

HB 29 PUBLIC PROJECT FUND APPROPRIATIONS (Joy Garratt) Signed by Governor

House Bill 29 appropriates \$13,000,000 from the Public Project Revolving Fund for the Drinking Water State Revolving Loan Fund, the Local Government Planning Fund and the Cultural Affairs Facilities Infrastructure Fund. Funding will be used for projects authorized in House Bill 28.

HB 148 WATER PROJECT FUND PROJECTS (Susan K Herrera) Signed by Governor

House Bill 148 authorizes the New Mexico Finance Authority to make loans or grants from the Water Project Fund for certain water projects. *Refer to [HB148](#) for a list of authorized projects.*

HB 195 HOUSING FUND & CHANGES (Linda Serrato) Signed by Governor

House Bill 195 amends and enacts sections of the Opportunity Enterprise Act and changes the name of the act; allows the New Mexico Finance Authority to provide housing development loans; creates the Housing Development Revolving Fund; defines terms; amends the structure of the Opportunity Enterprise Review Board and changes its name; provides duties; requires rulemaking; amends requirements for opportunity enterprise loans; and requires reporting.

HB 211 WATER PROJECT PRIORITIZATION (Susan K Herrera) Signed by Governor

House Bill 211 makes a number of changes to the Water Project Finance Act. HB211 prioritizes Water Project Fund projects that are urgent to address public health and safety; allows the Water Trust Board to authorize water projects for wastewater conveyance and treatment; removes the requirement that eligible entities conduct an audit; removes fiscal agent fees from items that are eligible for grants and loans; reduces the amount of water project funds distributed to the state engineer for the next five years; and provides that money in the Water Project Fund may be used to hire contractors to provide technical assistance.

HB 232 INFRASTRUCTURE PLANNING & DEV. DIVISION (Meredith Dixon) Signed by Governor

House Bill 232 creates the Infrastructure Planning and Development Division of the Department of Finance and Administration (DFA); reorganizes the local government division of DFA; transfers functions, personnel, appropriations, money, property, contractual obligations, and statutory references. The new division is tasked with providing assistance to local governments, councils of governments, and tribal governments in identifying and accessing funding for infrastructure development from available sources, administering funding to complete capital projects, and providing guidance on project plans and development.

SB 216 NMFA AFFORDABLE HOUSING PROJECTS (Nancy Rodriguez) Signed by Governor

Senate Bill 216 amends the New Mexico Finance Authority Act by adding housing as a public project eligible for financing and adding nonprofit housing developers as qualified entities. The bill also adds affordable housing plans as a qualified use of the local government planning fund.

SB 246 CAPITAL OUTLAY REAUTHORIZATIONS (Nancy Rodriguez) Signed by Governor with Line Item Veto

Senate Bill 246 reauthorizes 253 capital projects authorized in previous years from various funds. Reasons for reauthorization of capital outlay projects include changing the administering agency or the original purpose of the project, extending the reversion date, or expanding the purpose of the original project. *For a list of reauthorized projects by county, refer [here](#).*

SB 275 CAPITAL OUTLAY PROJECTS (Nancy Rodriguez) Signed by Governor with Line Item Vetoes

Senate Bill 275 includes approximately \$1 billion in general fund and other state revenues for capital projects. Approximately \$250 million is directed to local government projects, through the Local Government Division of the Department of Finance and Administration. In addition, the bill includes \$544 million for road projects, including for many local roads, as well as \$18 million to the New Mexico Finance Authority to address cost overruns for water projects. *For a full list of projects by agency, see [here](#). For a full list of projects by county, see [here](#).*

Tax Policy

HB 252 ADJUST INCOME TAX BRACKETS (Derrick Lente) Signed by Governor with Line Item Vetoes

House Bill 252 includes a number of changes to the tax code. The bill has a total FY25 cost to the state general fund of just over \$186 million and to local governments of approximately \$10 million to \$12 million. *For a full analysis of the bill, refer to the [FIR](#) (note: some fiscal impact estimates on the bill's FIR are not finalized).*

Most of the provisions in the bill were previously included in the tax package that passed the legislature in 2023 but were vetoed by the Governor. Two new measures endorsed by the Governor were added – clean car tax credits and solar market development tax credits. The bill contains several measures affecting state income tax liability. These have no fiscal impact on local government revenues.

The bill also contains six measures affecting state and local gross receipts taxes. These provisions are narrowly targeted and therefore have a relatively small cost to local governments:

- ***A GRT deduction for individuals on Medicaid for home renovation costs incurred*** that are necessary to improve their health and safety. *The cost to local governments is estimated at about \$200,000 a year.*
- ***Allowing counties and municipalities to issue Industrial Revenue Bonds (IRBs) for energy storage facilities and providing a deduction for sales of energy storage equipment to governments.*** These provisions parallel authority previously granted for solar and wind production projects. *The fiscal impact on local governments for this measure is estimated as “indeterminate but minimal.” A cost would only be incurred by those municipalities that participate in an IRB project.*
- ***A GRT deduction for childcare services provided by a licensed provider*** and incurred under a contract or grant with the Early Childhood Education and Care Department or the Prekindergarten Act. *The cost to local governments is estimated at \$5.2 million in FY25, growing to \$5.5 million by FY28.*
- ***A GRT credit for legal costs associated with assisting victims of the Calf Canyon fire*** to receive federal compensation payments for their losses. This credit applies against gross receipts taxes imposed on the attorneys and must be applied for by the attorney. The total credit amount is capped at \$5 million a year. *The estimated loss to local governments is \$2 million.*

- **A GRT credit for the sale and use of dyed special fuels used for agricultural purposes.** The credit must be applied for by the seller of the fuel. The total credit amount is capped at \$10 million a year. *The cost to local governments is estimated at approximately \$4 million a year.*
- **A GRT deduction for geothermal electricity facility costs.** This deduction is similar to others already provided for solar and wind energy projects. *The cost to local governments is estimated at \$750 thousand in FY25, rising to over \$2 million in FY28. An increase in local property taxes is projected to offset this loss.*

The gross receipts tax measures, which affect local revenues, become effective July 1, 2024, except for the geothermal electricity deduction which becomes effective January 1, 2025. As is typical, no breakdown is provided between municipal and county impacts or upon individual governing entities. It is expected that many of the measures will have disproportionate impacts in a few geographic areas.

LEAGUE PRIORITY BILL

SB 148 TAX & FEE ADMIN FEES (Daniel A Ivey-Soto) Signed by Governor

Senate Bill 148 removes certain tax fees on local governments. The bill phases out a 3 percent administrative fee currently charged to local governments on collection and distribution of local gross receipts and compensating taxes. The bill sets fees at 2 percent effective FY27, 1 percent effective FY28, and repeals fees effective FY29. Local governments will save approximately \$70 million annually once the fees are fully phased out.

SB 236 METRO DEVELOPMENT PROJECT GRT INCREMENTS (Carrie Hamblen) Signed by Governor

Senate Bill 236 changes procedures to determine Gross Receipts Tax increments that fund Metropolitan Development Projects. The bill also resets the effective dates of provisions of the Metropolitan Redevelopment Code, moving the effective date from July 1, 2024, to January 1, 2025.

Law Enforcement & Public Safety

HB 193 LAW ENFORCEMENT RETENTION DISBURSEMENTS (Art De La Cruz) Signed by Governor

House Bill 193 makes changes to the Law Enforcement Retention Fund to allow for disbursements of up to 5 percent of an officer's annual base salary upon completing five, 10, 15, or 20 years of service. The bill allows disbursements for officers who have transferred between different law enforcement agencies in the state (officers become eligible in years four, nine, 14, and 19, but must remain with their same agency for one year following eligibility to actually receive the retention disbursement). The bill also allows for yearly 5 percent distributions beyond 21 years of service. In addition, the bill requires that law enforcement agencies be compliant with the Law Enforcement Training Act at the time the funding request is made and have submitted the agency's most current roster of full-time certified law enforcement officers to the New Mexico Law Enforcement Academy by April 1 of each year. HB2 includes a one-time \$1 million general fund appropriation for the fund.

LEAGUE PRIORITY BILL

SB 151 PREMIUM TAX TO EMERGENCY SERVICES FUND (Pete Campos) *Signed by Governor*

Senate Bill 151 increases funding for EMS service across the state. Beginning in FY26, the bill directs 5 percent – approximately \$11 million – of health insurance premium taxes to the EMS Fund, with a majority of funding distributed to local EMS services, per the current fund allocation guidelines. For FY25, HB2 includes a one-time \$11 million general fund appropriation to the EMS Fund.

SB 175 LAW ENFORCEMENT FUND DISTRIBUTIONS (Leo Jaramillo) *Pocket Vetoed*

Senate Bill 175 directs the Department of Finance and Administration to establish a program to distribute funds for the recruitment of state and local law enforcement officers, correctional officers, and probation and parole officers. HB2 includes a one-time \$25 million appropriation for this purpose.

Courts & Criminal Justice

HB 129 FIREARM SALE WAITING PERIOD CRIMES (Andrea Romero) *Signed by Governor*

House Bill 129 creates a required seven-day waiting period before the completion of a sale of a firearm and creates the crime of unlawful sale of a firearm before the required waiting period ends and. A firearm may be transferred to a buyer if the required federal instant background check has not been completed within 20 days. The bill includes exceptions for concealed carry license holders and federal firearms license holders, and law enforcement agencies, as well as exceptions for transfers between law enforcement officers certified federally or under the Law Enforcement Training Act and transfers between immediate family members.

SB 5 FIREARMS NEAR POLLING PLACES (Peter Wirth) *Signed by Governor*

Senate Bill 5 creates the petty misdemeanor offense of possession of a firearm within certain distances of a polling place during an election, with exceptions for certified law enforcement officers performing official duties, law enforcement officers certified pursuant to the Law Enforcement Training Act in accordance with policies of those officers' agencies, individuals in a private vehicle or other private means of conveyance, or concealed carry license holders.

SB 96 INCREASE ATTEMPTED MURDER PENALTY (Antonio "Moe" Maestas) *Signed by Governor*

Senate Bill 96 increases the penalty for the third-degree felony crime of attempted murder in the second degree from the basic term of imprisonment of three years to nine years. The bill also increases the basic sentence of imprisonment for a second-degree felony resulting in death from 15 years to 18 years.

SB 271 REPEAT FELONY OFFENDER NO BOND HOLD (Joseph Cervantes) *Signed by Governor*

Senate Bill 271 requires that an individual on pretrial release for a felony who is arrested for a subsequent felony shall remain in custody without bond, until each judge assigned to any previous felony case holds a hearing to consider modification or revocation of person's conditions of release.

Labor & Workforce

HB 236 PUBLIC SAFETY RETIREES RETURNING TO WORK (Gail C. Chasey) Signed by Governor

House Bill 236 amends the Public Employees Retirement Act in the state of New Mexico to allow certain public safety employees to return to work post-retirement without suspending their PERA benefits, under specific conditions (*for a full analysis of the bill, refer to the [FIR](#)*):

- Retirees must return to work before July 1, 2027.
- The retiree and their employer must make non-refundable contributions to PERA.
- The employee will not earn service credit for their term of reemployment.
- The retiree is limited to 36 months of reemployment while receiving a pension payment.
- The following types of employees are eligible: adult or juvenile correctional officers, adult or juvenile detention officers, municipal or state police officers, courthouse security officers, emergency medical dispatchers or technicians, paramedics, firefighters, public safety telecommunicators, sheriff's deputies, certified law enforcement officers who are employees of the Attorney General or of a district attorney's office, and protective services investigators with the Children, Youth and Families Department.

Environment & Natural Resources

HB 41 CLEAN TRANSPORTATION FUEL STANDARDS (Kristina Ortez) Signed by Governor

House Bill 41 authorizes the Environmental Improvement Board to adopt rules to establish and assess fees for a clean transportation fuels standard. The bill requires EIB to promulgate rules to implement a clean fuel transportation standard program no later than July 1, 2026.

Local Governance & Elections

HB 182 ELECTION CHANGES (Gail C. Chasey) Signed by Governor

House Bill 182 amends the Campaign Reporting Act by adding a disclaimer requirement for materially deceptive media and creating the crime of distributing or entering into an agreement with another person to distribute materially deceptive media. This applies to all websites, regularly published newspapers, magazines, internet forums, or other periodical of general circulation, including an internet or electronic publication, that routinely carries news and commentary of general interest and publishes advertisements. The bill creates a misdemeanor on the first conviction of a person who willfully and knowingly violated the prohibitions and a fourth-degree felony on the second conviction.

Other Bills

SB 6 CANNABIS REGULATION CHANGES (Katy Duhigg) Signed by Governor

Senate Bill 6 makes a number of changes to acts related to cannabis regulation. The bill strengthens criminal penalties for people trafficking illegal cannabis products; puts rules into place to make sure product packaging does not appeal to, or is targeted to, children; provides more specific procedures for background checks, so that anyone applying for a cannabis license must get both a federal and state background check; allows residents with a liquor license to also obtain a cannabis retail license, although they are prohibited from selling both products at the same location; categorizes cannabis as contraband in prisons and jails; and prevents legislators who were in office as of June 29, 2021 from being licensed for any commercial cannabis activity until July 1, 2026.

HB 177 NM MATCH FUND (Meredith Dixon) Signed by Governor

House Bill 177 creates the New Mexico Match Fund, to be administered by the Department of Finance and Administration. The bill allows DFA to match state funds for federal grants and offset higher project costs incurred to comply with federal requirements. Eligible entities, including local governments, can request the full amount of state matching funds required by the federal grant, which are contingent on the federal grant award for which matching state funds are needed. HB2 appropriates \$75 million to the Match Fund.

SB 129 CYBERSECURITY ACT CHANGES (Michael Padilla) Pocket Vetoed

Senate Bill 129 amends the Cybersecurity Act to broaden the definition of “public body” to include a branch, agency, department, institution, board, bureau, commission, district or committee of the state, or a county, municipality, public school, or institution of higher education; amends the membership of the Cybersecurity Advisory Committee; ensures that any public body receiving general fund appropriations must make sure they meet the minimum security standards adopted by the Cybersecurity Office; requires all public bodies receiving general fund appropriations from the Legislature to report all information technology and cybersecurity expenditures to the Cybersecurity Office; gives the Cybersecurity Office authority to review all agency, public school, higher education institution, county, and municipality requests for appropriations related to cybersecurity and information security that incorporate protection of personal, sensitive, or confidential information; and gives the Cybersecurity Office authority to establish a form and manner for public bodies outside the jurisdiction of the security officer to report their cybersecurity, information security, and privacy policies.

While the bill amends statute to include local governments under the definition of “public body” in the Cybersecurity Act, it also specifies that only public bodies that receive state general fund appropriations for information technology resources are required to comply with the reporting and minimum standards requirements, meaning municipalities would generally be exempt from these requirements.

Administrative Fee Assessments by Municipality

Municipality	FY19	FY20	FY21	FY22	FY23	5 Year Admin Fee Total
Alamogordo	\$ (374,883)	\$ (315,999)	\$ (380,470)	\$ (541,526)	\$ (565,378)	\$ (2,178,255)
Albuquerque	\$ (6,122,663)	\$ (5,214,649)	\$ (5,764,554)	\$ (8,948,030)	\$ (9,969,501)	\$ (36,019,397)
Angel Fire	\$ (51,876)	\$ (45,917)	\$ (62,710)	\$ (102,204)	\$ (115,892)	\$ (378,599)
Anthony	\$ (19,187)	\$ (26,531)	\$ (28,986)	\$ (41,760)	\$ (54,226)	\$ (170,690)
Artesia	\$ (482,765)	\$ (367,341)	\$ (297,003)	\$ (464,940)	\$ (523,914)	\$ (2,135,963)
Aztec	\$ (68,690)	\$ (53,545)	\$ (52,262)	\$ (93,089)	\$ (107,613)	\$ (375,199)
Bayard	\$ (12,221)	\$ (12,212)	\$ 2,582	\$ (16,038)	\$ (22,728)	\$ (60,617)
Belen	\$ (115,984)	\$ (85,193)	\$ (96,797)	\$ (140,364)	\$ (173,057)	\$ (611,395)
Bernalillo	\$ (104,286)	\$ (76,667)	\$ (78,188)	\$ (112,244)	\$ (134,031)	\$ (505,416)
Bloomfield	\$ (98,240)	\$ (82,819)	\$ (76,679)	\$ (116,597)	\$ (126,266)	\$ (500,602)
Bosque Farms	\$ (18,648)	\$ (18,721)	\$ (26,009)	\$ (38,622)	\$ (43,758)	\$ (145,758)
Capitan	\$ (7,824)	\$ (5,096)	\$ (5,351)	\$ (9,305)	\$ (10,441)	\$ (38,016)
Carlsbad	\$ (1,074,229)	\$ (1,061,893)	\$ (744,813)	\$ (1,092,536)	\$ (1,254,106)	\$ (5,227,577)
Carrizozo	\$ (7,067)	\$ (2,086)	\$ (6,845)	\$ (11,870)	\$ (14,696)	\$ (42,564)
Causey	\$ -	\$ -	\$ (44)	\$ (181)	\$ (205)	\$ (431)
Chama	\$ (16,154)	\$ (10,194)	\$ (10,783)	\$ (16,778)	\$ (20,988)	\$ (74,898)
Cimarron	\$ (5,483)	\$ (2,653)	\$ (6,233)	\$ (9,186)	\$ (11,017)	\$ (34,571)
Clayton	\$ (32,926)	\$ (24,835)	\$ (23,822)	\$ (37,725)	\$ (37,643)	\$ (156,951)
Cloudcroft	\$ (14,275)	\$ (13,279)	\$ (13,040)	\$ (21,954)	\$ (26,190)	\$ (88,739)
Clovis	\$ (464,300)	\$ (397,278)	\$ (414,541)	\$ (571,779)	\$ (631,225)	\$ (2,479,124)
Columbus	\$ (10,992)	\$ (8,184)	\$ (4,228)	\$ (5,252)	\$ (7,091)	\$ (35,747)
Corona	\$ (881)	\$ (918)	\$ (2,692)	\$ (3,451)	\$ (2,868)	\$ (10,810)
Corrales	\$ (45,739)	\$ (43,904)	\$ (46,197)	\$ (88,542)	\$ (96,319)	\$ (320,700)
Cuba	\$ (16,849)	\$ (14,679)	\$ (24,394)	\$ (33,296)	\$ (36,449)	\$ (125,667)
Deming	\$ (136,050)	\$ (103,040)	\$ (130,269)	\$ (189,063)	\$ (230,716)	\$ (789,138)
Des Moines	\$ (1,298)	\$ (1,289)	\$ (1,042)	\$ (1,606)	\$ (1,834)	\$ (7,068)
Dexter	\$ (5,739)	\$ (7,260)	\$ (8,711)	\$ (9,136)	\$ (9,642)	\$ (40,487)
Dora	\$ (92)	\$ (91)	\$ (298)	\$ (348)	\$ (825)	\$ (1,655)
Eagle Nest	\$ (2,837)	\$ (2,605)	\$ (3,874)	\$ (8,149)	\$ (10,560)	\$ (28,025)
Edgewood	\$ (81,781)	\$ (50,067)	\$ (53,995)	\$ (87,369)	\$ (95,778)	\$ (368,990)
Elephant Butte	\$ (4,613)	\$ (4,305)	\$ (5,975)	\$ (10,860)	\$ (12,084)	\$ (37,837)
Elida	\$ (1,409)	\$ (924)	\$ (747)	\$ (662)	\$ (1,741)	\$ (5,483)
Encino	\$ (778)	\$ (717)	\$ (3,360)	\$ (6,362)	\$ (4,677)	\$ (15,893)
Espanola	\$ (187,542)	\$ (151,805)	\$ (165,453)	\$ (197,329)	\$ (235,781)	\$ (937,910)
Estancia	\$ (4,896)	\$ (11,542)	\$ (16,876)	\$ (26,335)	\$ (27,169)	\$ (86,818)
Eunice	\$ (90,590)	\$ (73,302)	\$ (50,031)	\$ (95,350)	\$ (134,516)	\$ (443,790)
Farmington	\$ (776,577)	\$ (835,913)	\$ (865,471)	\$ (1,202,811)	\$ (1,317,704)	\$ (4,998,476)
Floyd	\$ -	\$ -	\$ (39)	\$ (255)	\$ (351)	\$ (645)
Folsom	\$ (172)	\$ (103)	\$ (272)	\$ (309)	\$ (426)	\$ (1,282)
Ft Sumner	\$ (6,090)	\$ (4,509)	\$ (5,940)	\$ (9,604)	\$ (8,815)	\$ (34,957)
Gallup	\$ (439,919)	\$ (369,974)	\$ (409,615)	\$ (552,122)	\$ (587,528)	\$ (2,359,158)
Grady	\$ (189)	\$ (145)	\$ (216)	\$ (526)	\$ (522)	\$ (1,598)
Grants	\$ (114,533)	\$ (89,646)	\$ (100,275)	\$ (141,017)	\$ (148,612)	\$ (594,083)
Grenville	\$ (154)	\$ (163)	\$ (187)	\$ (247)	\$ (260)	\$ (1,012)
Hagerman	\$ (5,103)	\$ (4,145)	\$ (3,078)	\$ (5,442)	\$ (10,160)	\$ (27,927)

Municipality	FY19	FY20	FY21	FY22	FY23	5 Year Admin Fee Total
Hatch	\$ (12,938)	\$ (8,277)	\$ (10,034)	\$ (14,904)	\$ (17,319)	\$ (63,471)
Hobbs	\$ (840,982)	\$ (689,619)	\$ (557,809)	\$ (849,863)	\$ (930,536)	\$ (3,868,809)
Hope	\$ (246)	\$ (103)	\$ (293)	\$ (844)	\$ (1,315)	\$ (2,801)
House	\$ (265)	\$ (300)	\$ (284)	\$ (613)	\$ (1,461)	\$ (2,924)
Hurley	\$ (2,327)	\$ (2,385)	\$ (1,396)	\$ (3,362)	\$ (3,402)	\$ (12,873)
Jal	\$ (133,948)	\$ (129,141)	\$ (104,335)	\$ (335,425)	\$ (454,184)	\$ (1,157,032)
Jemez Springs	\$ (2,897)	\$ (4,184)	\$ (4,638)	\$ (7,941)	\$ (6,584)	\$ (26,244)
Kirtland	\$ (4,285)	\$ (2,603)	\$ (4,434)	\$ (8,592)	\$ (11,896)	\$ (31,810)
Lake Arthur	\$ (198)	\$ (222)	\$ (429)	\$ (1,762)	\$ (1,649)	\$ (4,259)
Las Cruces	\$ (1,520,232)	\$ (1,304,364)	\$ (1,443,214)	\$ (2,014,919)	\$ (2,223,124)	\$ (8,505,852)
Las Vegas	\$ (176,440)	\$ (147,678)	\$ (154,525)	\$ (198,821)	\$ (221,394)	\$ (898,859)
Logan	\$ (13,311)	\$ (9,872)	\$ (8,145)	\$ (10,891)	\$ (12,214)	\$ (54,433)
Lordsburg	\$ (25,270)	\$ (21,427)	\$ (21,691)	\$ (34,657)	\$ (35,626)	\$ (138,671)
Los Alamos	\$ (989,162)	\$ (785,385)	\$ (1,087,568)	\$ (600,442)	\$ (1,607,285)	\$ (5,069,843)
Los Lunas	\$ (281,694)	\$ (279,337)	\$ (412,537)	\$ (672,137)	\$ (780,089)	\$ (2,425,794)
Los Ranchos	\$ (27,897)	\$ (24,184)	\$ (26,873)	\$ (55,203)	\$ (56,496)	\$ (190,653)
Loving	\$ (60,420)	\$ (36,368)	\$ (28,713)	\$ (74,356)	\$ (186,679)	\$ (386,536)
Lovington	\$ (133,481)	\$ (106,789)	\$ (86,884)	\$ (135,247)	\$ (198,196)	\$ (660,597)
Magdalena	\$ (2,650)	\$ (1,655)	\$ (2,248)	\$ (4,763)	\$ (4,839)	\$ (16,155)
Maxwell	\$ (226)	\$ (285)	\$ (567)	\$ (830)	\$ (1,122)	\$ (3,030)
Melrose	\$ (2,990)	\$ (2,246)	\$ (2,089)	\$ (4,094)	\$ (4,031)	\$ (15,450)
Mesilla	\$ (18,137)	\$ (18,351)	\$ (17,811)	\$ (28,822)	\$ (33,675)	\$ (116,796)
Milan	\$ (25,515)	\$ (21,342)	\$ (26,871)	\$ (48,410)	\$ (53,412)	\$ (175,550)
Moriarty	\$ (24,320)	\$ (25,125)	\$ (28,914)	\$ (45,203)	\$ (60,050)	\$ (183,612)
Mosquero	\$ (151)	\$ (134)	\$ (211)	\$ (292)	\$ (676)	\$ (1,464)
Mountainair	\$ (3,616)	\$ (3,354)	\$ (3,931)	\$ (7,653)	\$ (7,787)	\$ (26,342)
Pecos	\$ (4,604)	\$ (5,406)	\$ (4,561)	\$ (8,179)	\$ (10,086)	\$ (32,836)
Peralta	\$ (8,290)	\$ (6,655)	\$ (8,776)	\$ (12,544)	\$ (14,397)	\$ (50,663)
Portales	\$ (88,764)	\$ (66,252)	\$ (75,443)	\$ (119,883)	\$ (128,133)	\$ (478,476)
Questa	\$ (6,274)	\$ (12,096)	\$ (8,028)	\$ (13,564)	\$ (15,929)	\$ (55,892)
Raton	\$ (86,015)	\$ (68,783)	\$ (90,295)	\$ (167,468)	\$ (204,371)	\$ (616,932)
Red River	\$ (28,971)	\$ (23,681)	\$ (26,364)	\$ (44,134)	\$ (67,145)	\$ (190,294)
Reserve	\$ (2,277)	\$ (1,569)	\$ (2,020)	\$ (4,206)	\$ (4,261)	\$ (14,334)
Rio Communities	\$ (3,120)	\$ (2,318)	\$ (3,849)	\$ (10,246)	\$ (11,528)	\$ (31,060)
Rio Rancho	\$ (647,157)	\$ (612,061)	\$ (712,263)	\$ (1,107,152)	\$ (1,246,934)	\$ (4,325,568)
Roswell	\$ (495,901)	\$ (404,645)	\$ (436,601)	\$ (651,570)	\$ (716,263)	\$ (2,704,980)
Roy	\$ (1,043)	\$ (680)	\$ (783)	\$ (971)	\$ (1,280)	\$ (4,758)
Ruidoso Downs	\$ (72,511)	\$ (54,092)	\$ (47,474)	\$ (68,428)	\$ (74,255)	\$ (316,761)
Ruidoso	\$ (257,799)	\$ (254,422)	\$ (258,238)	\$ (353,636)	\$ (415,567)	\$ (1,539,662)
San Jon	\$ (2,349)	\$ (2,160)	\$ (2,492)	\$ (4,890)	\$ (5,434)	\$ (17,325)
San Ysidro	\$ (1,909)	\$ (804)	\$ (1,367)	\$ (3,226)	\$ (3,471)	\$ (10,776)
Santa Clara	\$ (2,316)	\$ (2,403)	\$ (3,809)	\$ (5,626)	\$ (6,905)	\$ (21,059)
Santa Fe	\$ (1,820,514)	\$ (1,445,953)	\$ (1,418,389)	\$ (2,393,375)	\$ (2,677,903)	\$ (9,756,134)
Santa Rosa	\$ (31,896)	\$ (25,807)	\$ (35,683)	\$ (57,741)	\$ (61,496)	\$ (212,623)
Silver City	\$ (160,731)	\$ (130,296)	\$ (145,600)	\$ (198,155)	\$ (248,855)	\$ (883,638)

Municipality	FY19	FY20	FY21	FY22	FY23	5 Year Admin Fee Total
Socorro	\$ (57,403)	\$ (44,341)	\$ (55,181)	\$ (86,022)	\$ (93,748)	\$ (336,694)
Springer	\$ (7,225)	\$ (6,117)	\$ (6,282)	\$ (10,780)	\$ (11,940)	\$ (42,344)
Sunland Park	\$ (64,757)	\$ (67,925)	\$ (64,808)	\$ (122,899)	\$ (144,467)	\$ (464,856)
T or C	\$ (64,884)	\$ (48,166)	\$ (46,507)	\$ (68,481)	\$ (93,628)	\$ (321,665)
Taos	\$ (186,078)	\$ (133,802)	\$ (132,716)	\$ (207,608)	\$ (236,279)	\$ (896,483)
Taos Ski Valley	\$ (39,941)	\$ (26,663)	\$ (32,557)	\$ (41,459)	\$ (41,324)	\$ (181,944)
Tatum	\$ (4,488)	\$ (3,306)	\$ (4,812)	\$ (7,696)	\$ (7,214)	\$ (27,516)
Texico	\$ (2,534)	\$ (2,180)	\$ (2,515)	\$ (5,977)	\$ (9,161)	\$ (22,367)
Tijeras	\$ (10,122)	\$ (10,002)	\$ (12,484)	\$ (21,174)	\$ (23,910)	\$ (77,692)
Tucumcari	\$ (50,636)	\$ (38,252)	\$ (44,765)	\$ (65,869)	\$ (75,833)	\$ (275,354)
Tularosa	\$ (13,204)	\$ (10,401)	\$ (10,720)	\$ (15,473)	\$ (18,966)	\$ (68,764)
Vaughn	\$ (4,322)	\$ (4,810)	\$ (5,833)	\$ (5,267)	\$ (6,001)	\$ (26,232)
Virden	\$ (31)	\$ (37)	\$ (54)	\$ (114)	\$ (719)	\$ (955)
Wagon Mound	\$ (683)	\$ (556)	\$ (992)	\$ (1,309)	\$ (1,692)	\$ (5,232)
Willard	\$ (385)	\$ (230)	\$ (274)	\$ (488)	\$ (776)	\$ (2,154)
Williamsburg	\$ (1,083)	\$ (914)	\$ (1,151)	\$ (2,387)	\$ (5,505)	\$ (11,039)
TOTAL	\$ (19,560,341)	\$ (16,738,654)	\$ (17,729,914)	\$ (26,110,212)	\$ (30,425,719)	\$ (110,564,840)

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR	STBTC	LAST UPDATED	2/7/24
		ORIGINAL DATE	2/4/24
SHORT TITLE	Premium Tax to Emergency Services Fund	BILL NUMBER	CS/Senate Bill 151/STBTCS/aSFC
		ANALYST	Gray
REVENUE* (dollars in thousands)			

Type	FY24	FY25	FY26	FY27	FY28	Recurring or Nonrecurring	Fund Affected
Health Insurance Premium Tax		(\$2,900.0)	(\$10,950.0)	(\$11,200.0)	(\$11,550.0)	Recurring	General Fund
Health Insurance Premium Tax		\$2,900.0	\$10,950.0	\$11,200.0	\$11,550.0	Recurring	EMS Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD – IT & Admin	\$34.1			\$34.1	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Conflicts with Senate Bill 105

Sources of Information

LFC Files

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of SFC Amendment to STBTC Substitute for Senate Bill 151

The Senate Finance Committee amendment to the Senate Tax, Business and Transportation Committee substitute for Senate Bill 151 (SB151) removes the \$22 million FY25 appropriation and reduces the distribution of the health insurance premium tax to the emergency medical services fund from 10 percent to 5 percent.

Synopsis of STBTC Substitute for Senate Bill 151

The Senate Tax, Business and Transportation Committee substitute for Senate Bill 151 (SB151) appropriates \$22 million from the general fund to the emergency medical services fund in FY25. The bill also distributes 10 percent of the health insurance premium tax to the emergency medical services fund beginning in FY26.

The effective date of sections 1 and 2 of the bill is July 1, 2025.

FISCAL IMPLICATIONS

While this bill does not include a recurring appropriation, it diverts or “earmarks” revenue, representing a recurring loss from the general fund.

The last quarterly payment of premium tax is due July 15, and the revenue accrues back to June. This analysis uses an estimate from the Taxation and Revenue Department (TRD) on the STBTC substitute for SB151 and assumes the distributions will be half because of the change to the distribution rate. A revised analysis could be submitted upon receipt of TRD analysis of the amended bill.

LFC has concerns with including continuing distribution language in the statutory provisions for funds because earmarking reduces the ability of the Legislature to establish spending priorities. Taxation and Revenue analysis notes the estimated loss of general fund in FY25 is approximately 0.2 percent of the forecasted recurring general fund revenue and SB151 will slightly increase revenue volatility.

The bill will increase funding for the EMS fund approximately tenfold, growing annual revenue from about \$2.6 million to about \$22 million. According to agency data, in FY24 249 entities applied for \$1.9 million from the EMS fund, receiving on average \$10 thousand. Of those, 16 entities, 6.4 percent, received \$20 thousand grants, the maximum amount available, representing large municipalities and counties.

Currently, statute prohibits the use of EMS fund distributions on personnel, and it outlines that the fund is to be used for:

- Local grants: 75 percent
- System improvement projects: 22 percent
- Administrative costs: 3 percent

Currently, the EMS fund is supported by the Department of Health (DOH) operating budget. Additional resources could currently be added to the EMS fund through appropriations.

In FY24, local grants through the EMS fund totaled \$1.98 million and system improvement projects totaled \$488.3 thousand, according to DOH data. Under SB151, local grants would increase to \$8.1 million, a \$7 million, or 350 percent increase, and system improvement projects would increase to \$2.5 million. There is no clear statutory or administrative definition of system improvement projects.

Statutory limitations preventing funding from being spent on personnel presents a serious implementation issue. For example, in FY24 75 entities, 30 percent of all that applied, received grants less than \$6,000. Assuming the agency chooses to increase grants to all entities evenly, these 75 entities would get \$30 thousand in state funding each year, which may not be expendable for costs outside personnel for small communities.

Limited Guardrails. Current law contains vague guardrails on how the department should prioritize funding. SB151 does not improve those guardrails. The tremendous increase in resources presents a risk that revenue diverted from the general fund will be earmarked and used in areas without the highest need.

To illustrate, this analysis assumes that the current distributions will continue and expand proportion to the funding and presents potential fiscal impacts by analyzing both a small and large municipality budget.

- **City of Raton.**
 - In FY19, the city of Raton's total non-personnel expenditures for the city's fire department was \$225 thousand.
 - Assuming the city of Raton gets the same proportion of EMS fund revenue in FY25 as it did in FY24, it would receive about \$45 thousand, which would account for 22 percent of the total operating costs and capital of the city's fire department.
 - This is likely far more than the EMS operating costs, the detailed budget of which is not available in public documents.
- **City of Las Cruces.**
 - The city of Las Cruces' FY22 operating budget for its Fire Department's emergency response program was \$202 thousand.
 - If the Las Cruces Fire Department received the same proportion of the EMS fund revenue in FY25 as it did in FY24, it would receive about \$51 thousand or about 25 percent of its fire response operating budget.

SB151 could subsidize local government's EMS department operating budgets by well over 25 percent statewide. SB151 will likely offset costs for services already provided by local governments, offsetting administrative burden without sufficient evidence that doing so would produce improved desired outcomes.

SIGNIFICANT ISSUES

Reporting Requirements. Currently, there are no reporting requirements statutorily required for the EMS fund. This presents a significant issue with limited legislative oversight on how the substantial funding increase is used and how communities are impacted.

Private EMS. According to DOH data, privately owned EMS services, operating under the American Medical Response (AMR) brand, received about \$70 thousand in EMS fund revenue in FY24. If AMR received the same proportion of the EMS fund revenue in FY25 as it did in FY24, it would receive about \$222 thousand. By earmarking this revenue as contemplated by HB151, the Legislature forgoes its ability to prioritize funding away from private entities—which may be able to increase rates to offset its costs—toward public entities.

State Funds Dedicated for Local Governments

Local governments have benefited from state support totaling \$150 million in FY23. The fire protection fund, local government road fund, and the DWI grant fund represent some of the larger distributions to local governments. Over time, distributions from the county detention fund have roughly doubled, as well as distributions from the law enforcement protection fund (LEPF) and the fire protection fund (for cities).

Law Enforcement Funding. Legislation in 2023 (Senate Bill 491) increased distributions by adding an earmark of 10 percent of health insurance premium tax revenue for the LEPF, providing about \$22 million in additional recurring revenue to the fund after revenue declines rendered the fund unable to sustain prior expansions to the program.

Fire Protection Funding. The fire protection fund receives 10 percent of insurance premium tax revenues related to property and vehicle insurance that would have otherwise reached the state's general fund. Prior to FY22, distributions to local governments from the fund were less than 42.2 percent of the projected balance of the fund. During the 2021 legislative session, the Legislature increased the distribution so that 100 percent of those earmarked revenues would reach local governments, at a cost to the general fund. The increased distributions are estimated to be over \$20 million a year. Local government distributions from this source are expected to exceed \$100 million a year, should insurance premium tax revenues continue current growth.

Local Government Distributions (in millions)

Fund	Intended Use	Distributed to	Distributions FY19	Distributions FY23	% Change
Fire Protection Fund	Fire department operations	Cities	\$32.8	\$30.4	28.5%
		Counties	\$23.0	\$41.3	
Local Government Roads	Construction and maintenance of roads and transit	Counties & cities	\$25.5	\$26.1	2.4%
Local DWI Grant	DWI prevention and treatment	Counties	\$17.8	\$16.7	(-6.2%)
Small Cities Assistance	Cities with populations of <10,000	Cities	\$15.2	\$14.3	(-5.9%)
Small Counties Assistance	Counties with populations of <48,000	Counties	\$7.0	\$7.0	0.0%
Law Enforcement Protection	Police equipment and training	Counties	\$1.4	\$2.7	92.8%
		Cities	\$3.2	\$6.6	106.3%
County Detention	Housing offenders in county jails	Counties	\$2.4	\$5.0	108.3%
		Total Change	\$128.3	\$150.1	17.0%

Source: DFA, TRD, DHSEM, NMDOT

Cash Balances. Local governments also draw on fund balances and other taxes, fees, and enterprise activities to pay for services. At the end of FY23, municipal cash balances totaled \$925.1 million while cash balances for counties totaled \$1.41 billion, according to DFA.

Comparisons with Other States. New Mexico is a national outlier in how the state supports local governments. Nationally, states support about 55 percent of total direct expenditures. In New Mexico, the state supports about 66 percent of total direct expenditures. Since 2017, the state share has increased from 62 percent to 66 percent, while the local share decreased proportionally. SB151 will continue and exacerbate this trend.

**State and Local Share of Direct Expenditures
New Mexico vs. National Average
(in thousands)**

Expenditure Type	New Mexico				National Average			
	2017		2021		2017		2021	
	State Share	Local Share	State Share	Local Share	State Share	Local Share	State Share	Local Share
Operations	62%	38%	66%	34%	50%	50%	48%	52%
Capital outlay	35%	65%	41%	59%	42%	58%	36%	64%
Assistance and Subsidies	100%	0%	100%	0%	95%	5%	84%	16%
Other	65%	35%	68%	32%	80%	20%	49%	51%
TOTAL EXPENDITURES	62%	38%	66%	34%	55%	45%	55%	45%

Source: 2017 & 2021 Census of Governments, U.S. Census Bureau

The Census Bureau reports New Mexico's state and local expenditures have grown 23 percent from 2017 to 2021, with the largest increases occurring for operations and other costs at around 24 percent growth. Of that total growth, New Mexico's state expenditures grew by nearly 30 percent, while the local expenses grew by 12 percent. Capital outlay expenses have grown nearly 13 percent over that time, but nearly all of that growth is coming from the state. The same can be said of assistance and subsidies, which have no local share.

**New Mexico State and Local Direct Expenditures by Type
(in thousands)**

Expenditure Type	2017			2021			% Change in Direct Expenditures		
	State	Local	Total	State	Local	Total	State	Local	Total
Operations	\$12,052.6	\$7,260.3	\$19,312.9	\$15,661.4	\$8,233.2	\$23,894.6	30%	13%	24%
Capital outlay	\$732.2	\$1,373.6	\$2,107.6	\$988.2	\$1,393.7	\$2,381.9	35%	1%	13%
Assistance and Subsidies	\$275.8	\$0.0	\$275.8	\$320.7	\$0.0	\$320.7	16%	0%	16%
Other	\$12,715.1	\$6,870.5	\$19,585.6	\$16,414.3	\$7,807.9	\$24,222.1	29%	14%	24%
TOTAL Expenditures	\$25,775.7	\$15,504.4	\$41,281.9	\$33,384.6	\$17,434.8	\$50,819.3	30%	12%	23%

Note: Local government expenditures includes spending by all active local governmental units (counties, cities, townships, special districts, school districts). Expenditures exclude intergovernmental expenditures.

Source: 2017 & 2021 Census of Governments, U.S. Census Bureau

ADMINISTRATIVE IMPLICATIONS

TRD analysis notes:

New Mexico's tax code is out of line with most states in that more complex distributions are made through the tax code. As an alternate to this proposal and revenue earmarks, the premium tax could be distributed to the general fund and emergency medical services needs could be provided for through general fund appropriations in HB2. The more complex the tax code's distributions, the costlier it is for TRD to maintain the GenTax system and the more risk is involved in programming changes.

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