



## New Mexico Municipal League

### Summary of 2025 Legislation Affecting Municipalities

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## Overview

**Two League Priority bills, House Bill 298 and Senate Bill 197, became law this session, and the Legislature appropriated millions for local water projects, another top League priority.** HB298 updates Chapter 3 of New Mexico Statute, referred to as the Municipal Code, and provides municipalities with clear operational guidance, supports effective local governance, and allows municipal governing bodies to formally cross commission law enforcement officers from other jurisdictions in case of emergencies or increased need. SB197 allows recipients of EMS Fund monies to pledge those funds for debt service through the New Mexico Finance Authority's Public Project Revolving Fund, facilitating the purchase of ambulances or other EMS vehicles or equipment.

**Funding for local government water projects was significant this session.** House Bill 2 includes a one-time, \$200 million general fund appropriation to the Water Project Fund to provide funding for local government water infrastructure. This increase in funding is greatly needed as there was not enough money available in the Water Project Fund to make awards to all the vetted projects, leaving many eligible projects without funding. Additionally, this year's capital outlay bill – House Bill 450 – includes over \$75 million for local water and wastewater projects.

**Proactive engagement with sponsors and stakeholders of Senate Bill 21 prevented local governments from being subject to expanded liability.** SB21 grants the state more authority over pollution and discharge into New Mexico's waterways, creates a state-managed permitting system, and enhances enforcement provisions over discharge violations, among other changes to the law. The original bill included provisions that would have greatly expanded liability for local governments by allowing any individual or entity to bring suit for an alleged violation and also created criminal penalties for negligence – both of these actions were concerning for our local water and wastewater operators. Bill language was amended to remove the private right of action and criminal enforcement for negligence.

**Municipalities gained the ability to impose a new local option municipal flood recovery gross receipt tax.** Senate Bill 383, which was introduced primarily in response to the catastrophic flooding experienced by Roswell in October 2024, enables any municipality damaged by a flood to impose a municipal flood recovery gross receipt tax of up to 0.375 percent. The proceeds of the tax may be used to amortize gross receipts revenue bonds. The revenue bonds may be used for rebuilding, repairing, replacing, and the hardening of municipal property damaged by a flood. While SB383 provides municipalities with a new funding mechanism following a flooding disaster, SB383 may also create a precedent of looking to local revenue generation to fund recovery efforts rather than receive state support through general fund appropriations. It is unknown if future Legislatures will expect the next natural disaster affected community to follow the path of Roswell and SB383.

**The governor vetoed the tax package – House Bill 14 – which contained a GRT deduction for coinsurance payments to healthcare practitioners that decreased local government GRT revenues.** The cost to local governments was estimated at about \$18.5 million in FY28, growing to \$27 million in FY29 per the LFC's FIR. In her veto message, the governor cited the Legislature's lack of preparation and planning to pay for the tax relief in the bill. However, the message also stated the governor's support for "gross receipts tax deductions for doctors," signaling that the proposed healthcare provider GRT deduction seen this session is likely to resurface in the future. The League

remains concerned about continued tax base erosion through proposed GRT deduction legislation, which ultimately impacts municipalities' ability to pay for essential municipal services.

**Local control prevailed despite the introduction of numerous preemption bills this session.** Many of the preemption bills this session sought to impose a one-size-fits-all solution with regards to planning and zoning, permitting processes, and housing. The League actively opposed these efforts to undermine local self-governance by voicing concerns in committee hearings, as well as with individual legislators. The League's efforts, coupled with strong support from our members, resulted in no significant preemption bills passing. Preemption bills opposed by the League included: HB582 (removed local zoning authority for master plan developments with fewer than 2,500 units and required use of standardized procedures and application templates), HB554 (restricted local zoning authority of accessory dwelling units (ADUs) and required multifamily housing in commercial zoning districts), and HB335 (created an unfunded mandate for local governments for permit reporting), among others.

We expect to see some of these bills return next year, along with new preemption efforts, so it's important that legislators hear from Municipal League members on the importance of protecting local governance and local decision-making.

**Municipalities gained the option to acquire, operate, and maintain a municipal utility for stormwater.** With the enactment of Senate Bill 7, municipalities can also impose a fee for stormwater service. The bill provides additional flexibility for municipalities to fund operations and maintenance of stormwater facilities. Adding stormwater to the definition of a municipal utility has been a Municipal League resolution for the past several years.

**The Local Solar Access Fund will provide grant opportunities to local governments for solar energy systems.** The enactment of House Bill 128 will help to ensure the reliability and security of critical infrastructure like water and wastewater facilities. House Bill 2 contains a \$20 million one-time appropriation for the fund. The League supported HB128 throughout the legislative session.

**House Bill 283, which aimed to update the Inspection of Public Records Act (IPRA), encountered a challenging environment in this legislative session and did not pass.** HB283 included targeted statutory updates including requiring that public bodies be notified of alleged violations before legal action is taken, defining a two-year statute of limitations on filing complaints related to IPRA violations, and allowing records custodians to impose fees for requests to use records for commercial purposes. Unfortunately, our targeted and measured bill became entangled in a broader and more contentious IPRA discussion, in part sparked by another bill (HB 497) that sought to substantially rewrite IPRA.

**The Employee Group Health Benefits fund is positioned for long-term financial viability.** Senate Bill 376 requires the Health Care Authority (HCA) to set health insurance premiums for state employees and local public body employees at actuarially sound rates (i.e., rates that align with projected healthcare costs). Historically, the group health benefits fund has maintained a significant deficit because annual premium rate increases have been sporadic, and the rate increases have been insufficient to maintain fund solvency. The cost to local governments in FY26, due to the actuarially sound rate setting required in SB376, is expected to be \$19.9 million (from LFC's FIR). Additionally, House Bill 2 includes two appropriations totaling \$131 million to eliminate existing deficits in the employee group health benefits program, relieving local governments of the responsibility to cover these shortfalls.

## Budget & Investments

### HB 2 GENERAL APPROPRIATION ACT OF 2025 (Nathan P Small) **Signed by Governor with Line Item Veto**

House Bill 2, the General Appropriation Act, passed with a recurring general fund budget of **\$10.7 billion for FY26**, representing a 6 percent increase over the current fiscal year budget. In addition to recurring spending, HB2 includes nearly \$1.4 billion in one-time special and supplemental appropriations. Included in this is about \$65 million in potential grant funding for local governments for various behavioral health initiatives. The bill also transfers \$1.5 billion from the general fund to several endowment and expendable trusts for future spending, including the newly created Behavioral Health Trust Fund and Community Benefit Fund. The bill maintains general fund reserves at 30 percent of recurring spending.

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

- **\$200 million for the Water Project Fund to provide funding for local government water infrastructure.** Loans administered by the New Mexico Finance Authority.
- **\$12 million for Rural Air Service Enhancement grants.** Grants administered by the New Mexico Department of Transportation.
- **\$15 million for low-interest loans to rural communities.** Loans administered by the New Mexico Environment Department through the Rural Infrastructure Revolving Loan Fund.
- **\$10 million for low-interest loans for local governments for adoption of technologies (wind, solar, etc.) to reduce carbon emissions.** Loan administered by the Energy, Minerals, and Natural Resources Department.

**HB2 also includes funding for shortfalls in the employee group health benefits program.** There is an \$85 million general fund appropriation to the Health Care Authority, as well as a \$46 million appropriation to the General Services Department (administrator of the program pre-FY25), to cover deficits in the employee group health benefits program.

### SB 31 ZERO-INTEREST NATURAL DISASTER LOANS (Pete Campos) **Signed by Governor with Line Item Veto**

Senate Bill 31 provides zero-interest loans to political subdivisions of the state and electric cooperatives that have been approved for federal public assistance funding from the Federal Emergency Management Agency (FEMA) for a federally declared natural disaster; requires reimbursement contracts; provides for enforcement of the terms of the loan contracts; creates the Natural Disaster Revolving Fund (NDRF); provides an annual transfer from the appropriation contingency fund to the NDRF; provides that the state reserves must consist of certain funds; creates the Federal Reimbursement Revolving Fund; and declares an emergency. HB2 includes a one-time \$50 million other state funds appropriation for the fund.

## Business & Consumer Affairs

### **HB 19 TRADE PORTS DEVELOPMENT ACT (Patricia A Lundstrom) Signed by Governor**

House Bill 19 relates to economic development. HB 19 enacts the Trade Ports Development Act, providing districts and establishing criteria for trade port projects. HB 19 creates the Trade Port Advisory Committee and specifies duties for the committee and the secretary of economic development. HB 19 allows public partners to enter into public-private partnership agreements to facilitate development of trade ports. HB 19 creates the Trade Ports Development Fund and authorizes grants and loans. HB 19 adds an exemption to the procurement code. HB2 includes a one-time \$50 million general fund appropriation for the fund.

### **SB 159 INDEPENDENT THEATER BEER & WINE LICENSES (Leo Jaramillo) Signed by Governor**

Senate Bill 159 authorizes the issuance of special independent theater dispensing licenses for serving beer and wine at independent theaters in New Mexico. It is designed to support the local entertainment industry by allowing independent theaters to diversify their services while maintaining stringent regulatory oversight to address public health and safety concerns. License issuance is dependent on the approval of the local governing body or local option district where the theater is located, ensuring community involvement and consent.

## Environment & Natural Resources

### **HB 140 “HAZARDOUS WASTE CONSTITUENT” DEFINITION (Christine Chandler) Signed by Governor**

House Bill 140 adds a definition of hazardous waste constituent to the Hazardous Waste Act. It amends and adds the identification and listing of hazardous waste constituents to the duties and powers of the Environmental Improvement Board. The bill amends the definition of hazardous waste and authorizes the Environmental Improvement Board to adopt rules for per- and polyfluoroalkyl substances (PFAS) that are designated hazardous waste.

### **HB 175 FOREST & WATERSHED BUFFER PROJECTS (Harlan H Vincent) Signed by Governor**

House Bill 175 amends sections of the Forest and Watershed Restoration Act and provides definitions. It makes grants available to local governments for projects to create or maintain buffers in and around wildland-urban interfaces from funding from the Forest Land Protection Revolving Fund.

### **HB 191 WILDFIRE SUPPRESSION & PREPAREDNESS FUNDS (Nathan P Small) Vetoed by Governor**

House Bill 191 creates the Wildfire Suppression Fund and the Post-Wildfire Fund. It requires reporting and adds and amends definitions in the Forest Conservation Act. HB2 had included a one-time \$12 million general fund appropriation for the Post-Wildfire Fund.

### **HB 212 PER- & POLY-FLOUROALKYL PROTECTION ACT (Joanne J Ferrary) Signed by Governor**

House Bill 175 enacts the Per- and Poly-Fluoroalkyl Substances Protection Act. It prohibits certain products that contain an intentionally added per- or poly-fluoroalkyl substance and authorizes the Environmental Improvement Board to adopt rules prohibiting certain products that contain an intentionally added per- or poly-fluoroalkyl substance. HB 212 requires disclosure of information and testing of products sold, offered for sale or distributed for sale in this state that contain an intentionally added per- or poly-fluoroalkyl substance. It provides penalties.

**SB 21 POLLUTANT DISCHARGE ELIMINATION SYSTEM ACT (Peter Wirth) [Signed by Governor](#)**

Senate Bill 21 alphabetizes and adds definitions to the Water Quality Act. It provides for certain Water Quality Control Commission rules relating to the regulation of water pollution. It creates the Neglected and Contaminated Sites Fund. SB 21 provides for general permit coverage for multiple dischargers. It revises the Water Quality Management Fund and distribution of certain penalties. It allows for the denial of permits that would contribute to water contaminant levels in excess of downstream state or tribal water quality standards and amends notice requirements for Water Quality Act permits. It provides for certain uses of permit fees and amends the purposes of the Water Quality Management Fund. It creates certain exceptions for surface water discharges and addresses potential liability. It enacts the New Mexico Pollutant Discharge Elimination System Act and requires permits for discharges into waters of the United States. The bill requires the Water Quality Control Commission to adopt rules to implement the discharge program and provides powers and duties of the Department of Environment, enforcement of the program, and penalties. It provides for appeals to the Water Quality Control Commission and the court of appeals and for publicly accessible records. SB 21 declares an emergency.

**SB 33 WILDFIRE PREPARED ACT (Elizabeth (Liz) Stefanics) [Signed by Governor](#)**

Senate Bill 33 enacts the Wildfire Prepared Act and amends and recompiles a section of the NMSA 1978 to be a section of the Wildfire Prepared Act. It adds members and duties to the Fire Planning Task Force. SB 33 creates the Wildfire Prepared Program and the Wildfire Prepared Fund, which would make grants available to local governments. It reconciles conflicting enactments of the same section of law by repealing laws 2003, chapter 115, section 1.

**SB 37 STRATEGIC WATER RESERVE FUND (Elizabeth (Liz) Stefanics) [Signed by Governor](#)**

Senate Bill 37 creates the Strategic Water Reserve Fund to be administered by the Interstate Stream Commission. It provides that the Strategic Water Reserve shall be used to assist in water management and conservation efforts designed to support aquifer recharge or reduce ground water depletion. SB 37 allows the Interstate Stream Commission to prioritize water transactions that provide supplementary benefits in addition to at least one authorized purpose.

**SM 2 WILDFIRE STUDY GROUP (Pat Woods) [Signed by Senate](#)**

Senate Memorial 2 requests the New Mexico Legislative Council to direct the creation of a wildfire study group to study and develop a comprehensive approach to address and mitigate wildfires in New Mexico.

## Infrastructure & Capital Outlay

### **HB 41 PUBLIC PROJECT FUND APPROPRIATIONS (Kathleen M Cates) *Signed by Governor***

House Bill 41 appropriates funds from the Public Project Revolving Fund (PPRF) to the Drinking Water State Revolving Loan Fund, Local Government Planning Fund, and Cultural Affairs Facilities Infrastructure Fund. The bill allocates \$6.25 million, \$2 million, and \$5 million respectively for Fiscal Year 2026 and subsequent years. Unexpended funds will not revert to the (PPRF).

### **HB 128 NMFA LOCAL SOLAR ACCESS FUND (Reena C Szczepanski) *Signed by Governor***

House Bill 128 creates the Local Solar Access Fund in the New Mexico Finance Authority. It provides grants for solar energy systems and requires the New Mexico Finance Authority to establish rules. HB2 includes a one-time \$20 million general fund appropriation for the fund.

### **HB 137 STRATEGIC WATER SUPPLY ACT (Susan K Herrera) *Signed by Governor***

House Bill 137 enacts the Strategic Water Supply Act and the Strategic Water Supply Program. It authorizes the Department of Environment, the Energy, Minerals and Natural Resources Department and the Office of the State Engineer to enter into contracts and award grants for projects that reduce the state's reliance on fresh water resources or expand water reuse opportunities. HB 137 creates the Strategic Water Supply Program Fund. HB2 includes a one-time \$40 million general fund appropriation for the fund.

### **HB 206 NMFA WATER PROJECT FUND PROJECTS (Susan K Herrera) *Signed by Governor***

House Bill 206 authorizes the New Mexico Finance Authority to make loans or grants from the Water Project Fund for certain water projects. *Refer to [HB206](#) for a list of authorized projects.*

### **HB 240 DRINKING WATER SYSTEM GRANTS & LOANS (Susan K Herrera) *Signed by Governor***

House Bill 240 allows the New Mexico Finance Authority to provide grants for the construction or rehabilitation of drinking water facilities and requires the New Mexico Finance Authority, in cooperation with the Department of Environment, to provide annual reports on the Drinking Water State Revolving Loan Fund. It redistributes duties held between the New Mexico Finance Authority and the Department of Environment and extends repayment period requirements for loans made pursuant to the Drinking Water State Revolving Loan Fund Act. HB 240 renews the authority of the New Mexico Finance Authority to transfer up to one-third of certain grants to the Drinking Water State Revolving Loan Fund and to the Wastewater Facility Construction Loan Fund.

### **HB 450 CAPITAL OUTLAY PROJECTS (Derrick J Lente) *Signed by Governor with Line Item Veto***

House Bill 450 includes about \$1.2 billion in general fund and other state revenues for capital projects. Approximately \$283 million is directed to local government projects, through the Local Government Division of the Department of Finance and Administration. There are a significant number of water and wastewater projects in HB450 – over 100 individual projects totaling more than \$75 million. *For*

*a full list of projects by agency, see [here](#). For a full list of projects by county, see [here](#). A full list of projects by sponsor will become available 30 days after the session ends.*

**HB 493 PUBLIC FINANCE ACCOUNTABILITY ACT (Cynthia D Borrego) Signed by Governor**

House Bill 493 enacts the Public Finance Accountability Act; creates the Public Finance Accountability Fund; establishes funding criteria and grant management and oversight requirements; and enumerates duties of the Department of Finance and Administration

**SB 7 STORM WATER SERVICE AS MUNICIPAL UTILITY (William E. Sharer) Signed by Governor**

Senate Bill 7 relates to municipalities, authorizing them to acquire, operate and maintain a municipal utility to provide for storm water service and to charge fees or advance payments for this service. The bill also adds storm water facilities to the definition of “Municipal Utility” in the Municipal Code.

**SB 115 PUBLIC PROJECT REVOLVING FUND PROJECTS (Michael Padilla) Signed by Governor**

Senate Bill 115 authorizes the New Mexico Finance Authority (NMFA) to make loans for public projects from the Public Project Revolving Fund. It includes conditions for voiding authorization if entities do not express their intent to pursue a loan by a certain deadline. *Refer to [SB115](#) for a list of authorized projects.*

**SB 169 STRATEGIC ECONOMIC DEVELOPMENT SITE READINESS (Michael Padilla) Signed by Governor**

Senate Bill 169 enacts the Strategic Economic Development Site Readiness Act and creates the site readiness fund for the purpose of identifying, assessing, and preparing sites for business development. SB169 also creates the Strategic Economic Development Site Advisory Committee to advise the Economic Development Department (EDD) in selecting sites and awarding funding. HB2 includes a one-time \$24 million appropriation (\$8 million for FY26, \$8 million for FY27, and \$8 million for FY28) from the general fund for site characterization and predevelopment assessment.

**SB 170 NMFA DEFINITIONS, FUNDS & RATES (Michael Padilla) Signed by Governor**

Senate Bill 170 revises definitions in the New Mexico Finance Authority Act; amends permitted uses for money in the Public Project Revolving Fund; revises economic development rates for gas and electric utilities; and provides for expedited ratemaking orders.

**SB 357 ESSENTIAL SERVICES DEVELOPMENT ACT (Carrie Hamblen) Signed by Governor**

Senate Bill 357 creates the Essential Services Development Act to allow public support for infrastructure projects that allow access to internet, energy, water and wastewater services primarily for residential purposes.

**SB 425 CAPITAL OUTLAY REAUTHORIZATIONS (Benny Shendo, Jr.) Signed by Governor with Line Item Veto**

Senate Bill 425 reauthorizes 423 capital projects authorized in previous years from various funds. Reauthorizations of capital outlay projects range from 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 agency, see [here](#). For a list of reauthorized projects by county, see [here](#).*

## Labor & Workforce

### **HB 6 IRB PROJECT MINIMUM WAGE (Reena C Szczepanski) Signed by Governor**

House Bill 6 requires that projects undertaken by a municipality or county through the issuance of industrial revenue bonds pay the prevailing wage and comply with the provisions of Section 13-4-11 NMSA 1978.

### **HB 66 WORKERS' COMPENSATION CHANGES (Pamelya P Herndon) Signed by Governor**

House Bill 66 makes changes to workers' compensation by increasing the amount of money that can be advanced by employers for discovery costs and increasing the maximum amount of attorney fees that can be collected in a workers' compensation case.

### **SB 59 PUBLIC WORKS MINIMUM WAGE DEFINITIONS (Michael Padilla) Signed by Governor**

Senate Bill 59 relates to Public Works, adding off-site fabricators to the Public Works Minimum Wage Act.

## Law Enforcement & Public Safety

### **HB 8 CRIMINAL COMPETENCY & TREATMENT (Christine Chandler) Signed by Governor**

House Bill 8 is an omnibus public safety measure that incorporates provisions from six previously separate legislative proposals. The bill modifies criminal competency procedures, establishes a new criminal offense related to firearm modification, enhances penalties for motor vehicle theft and certain violent threats, increases the penalty for making a shooting threat, increases sentencing enhancements for fentanyl-related drug trafficking, and revises laws governing chemical blood testing in impaired driving case. Below summarizes aspects of the bill by topic area.

#### **Criminal Competency and Treatment**

- Allows for community-based competency restoration for non-dangerous defendants, reducing reliance on institutional commitment
- Expands list of offenses for which a defendant may be criminally committed including:
  - 1<sup>st</sup>-degree and 2<sup>nd</sup>-degree murder
  - Felony involving infliction of great bodily harm
  - Criminal sexual penetration
  - Criminal sexual contact of a minor
  - Abuse of a child

- Crime provided for in Sexual Exploitation of Children Act
- Human trafficking
- Aggravated arson
- “Serious violent offense” with the use of a firearm
- Authorizes district attorneys or the attorney general to file petitions for assisted outpatient treatment
  - The timeframe for filing petitions is extended up to 30 days after a qualified professional has examined a defendant or respondent
- Allows courts to authorize the use of competency evaluation reports in involuntary commitment proceedings

### **Possession of Weapon Conversion Devices**

- Establishes the crime of unlawful possession of a weapon conversion device as a 3<sup>rd</sup>-degree felony
  - Applies to the possession or transportation of any part or combination of parts designed to convert a semi-automatic firearm into a fully automatic firearm

### **Fentanyl Trafficking Sentences**

- Imposes additional sentencing for fentanyl trafficking offenses to include:
  - If defendant possesses between 100 and 500 fentanyl pills (or 10 to 50 grams of fentanyl powder), the basic sentence is enhanced by 3 years
  - Possession of more than 500 pills (or more than 50 grams of fentanyl powder) results in a 5-year enhancement
  - 5-year enhancement applies if a defendant is found to have recruited, coordinated, or financed another person to engage in fentanyl trafficking

### **DWI Blood Testing**

- Revises procedures for obtaining a warrant to test the blood of a person suspected of DUI
- Expands the list of medical professionals authorized to withdraw blood for chemical testing purposes to include emergency medical technicians and certified phlebotomists
- Clarifies that law enforcement officers requesting chemical tests or directing the administration of chemical tests must provide immediate written notice of license revocation and the right to an administrative hearing

### **Fourth-Degree Felony for Shooting Threats**

- Increases the penalty for making a shooting threat from a misdemeanor to a 4<sup>th</sup>-degree felony
  - Revised definition of making a shooting threat includes intentionally and maliciously communicating an intent to bring a firearm to a property or to use a firearm with the intent to place others in fear of great bodily harm, disrupt the occupation of a public building, or cause a law enforcement response

## **Penalties for Vehicle Thefts**

- Reclassifies the unlawful taking of a vehicle into a progressively more severe felony classifications based on the number of prior offenses
- Fraudulently obtaining a vehicle is also reclassified to impose stricter penalties for repeat offenses
- 1<sup>st</sup> offense: 4<sup>th</sup>-degree felony, 2<sup>nd</sup> offense: 3<sup>rd</sup> degree felony, and 3<sup>rd</sup> offense and beyond: 2<sup>nd</sup>-degree felony

## **HB 10 RLD CANNABIS ENFORCEMENT (Doreen Y Gallegos) *Signed by Governor***

House Bill 10 creates the Enforcement Bureau within the Regulation and Licensing Department (RLD), enacts a new section of the Cannabis Regulation Act providing for enforcement, and creates new fourth degree offenses. HB2 includes a one-time \$1,615,000 to the RLD to enforce provisions of the Cannabis Regulation Act.

## **HB 12 EXTREME RISK FIREARM PROTECTION ORDER CHANGES (Joy I Garratt) *Signed by Governor***

House Bill 12 amends the Extreme Risk Firearm Protection Order Act to allow a law enforcement officer to file a petition based on information collected while carrying out the officer's official duties, and requires a respondent to relinquish firearms immediately upon service of an extreme risk protection order.

## **HB 101 FIREARM AT POLLING PLACE FOR LAW ENFORCEMENT (Andrea R Reeb) *Signed by Governor***

House Bill 101 makes an exemption to unlawful possession of a firearm at a polling place for commissioned law enforcement officers.

## **HB 192 DIGITAL TRUNKED RADIO SYSTEM SUBSCRIBER FEES (Joshua Hernandez) *Signed by Governor***

House Bill 192 provides Department of Information Technology responsibilities to report on digital trunked radio communications system subscriber fees. HB2 includes a one-time \$2 million general fund appropriation for digital trunk radio system subscriptions for emergency responders statewide.

## **HB 439 PUBLIC SAFETY TELECOMMUNICATOR CPR TRAINING (Tara L Lujan) *Signed by Governor***

House Bill 439 requires all public safety telecommunicators (i.e., 911 operators and emergency dispatchers) to receive training in "high-quality telecommunicator cardiopulmonary resuscitation" (T-CPR). This ensures that 911 operators can instruct bystanders in effectively performing CPR when responding to cardiac emergencies over the phone.

## **SB 1 BEHAVIORAL HEALTH TRUST FUND (George K Munoz) *Signed by Governor***

Senate Bill 1 creates a robust financial and administrative framework to ensure long-term, sustainable funding and support for behavioral health services, while addressing critical needs in mental health

and substance abuse treatment through strategic investment and resource allocation. The Behavioral Health Trust Fund is established as a non-reverting fund within the state treasury. HB2 includes a one-time \$100 million general fund appropriation for the fund.

**SB 3 BEHAVIORAL HEALTH REFORM & INVESTMENT ACT (Peter Wirth) *Signed by Governor***

Senate Bill 3 represents a comprehensive approach to improving behavioral health infrastructure and services, emphasizing systematic planning, regional coordination, and funding allocation to meet diverse community needs within New Mexico. SB 3 aims to improve and expand behavioral health services statewide by establishing regional plans, standards, and funding mechanisms. It also introduces new processes to reduce administrative burdens and protect patient access. HB2 includes one-time appropriations of approximately \$200 million to various state agencies for behavioral health services and programs, including grant opportunities for local governments.

**SB 70 ADD RACKETEERING CRIMES (Craig Brandt) *Signed by Governor***

Senate Bill 70 amends the Racketeering Act to add these offenses to the list of offenses constituting racketeering: sexual exploitation of children, criminal sexual penetration, criminal sexual contact, dog fighting, cockfighting, bringing contraband into places of imprisonment, and human trafficking.

**SB 197 EMS SYSTEM IMPROVEMENT PROJECTS FUNDING (Pete Campos) *Signed by Governor***

Senate Bill 197 allows money in the Emergency Medical Services Fund to be redirected to the New Mexico Finance Authority to make loans to purchase equipment for emergency medical services system purchases for which funding has been granted pursuant to the Emergency Medical Services Fund Act.

**SB 353 SEARCH & RESCUE EMERGENCY RESPONSES (Jeff Steinborn) *Signed by Governor***

Senate Bill 353 amends the Search and Rescue Act to establish new protocols for coordinating search and rescue (SAR) operations among federal, state, local and tribal responders.

**SB 364 LAW ENFORCEMENT QUALIFICATIONS (Cynthia Nava) *Signed by Governor***

Senate Bill 364 relates to law enforcement and allows people who are authorized to work by the U.S. Citizenship and Immigration Services to become certain law enforcement officers.

## Local Governance & Elections

**HB 298 LOCAL GOVERNMENT OFFICIAL CHANGES (Christine Chandler) *Signed by Governor***

House Bill 298 relates to municipalities, amending sections of the municipal code; clarifying the governing law of mayor-council forms of government; providing procedures for filling vacancies and appointment of officials and voting; clarifying mayoral authority, powers and duties; providing procedures for the nomination and appointment of employees and officials; codifying the mayor and governing body's lack of authority over judicial branch affairs; requiring organizational meetings;

providing that appointed members of a governing body are not subject to merit-system ordinances; requiring members of a governing body to recuse themselves from voting when true or perceived conflicts of interest exist; removing the requirement that special elections occur within ninety days of the adoption of an ordinance to change the number of members of a governing body or trustees or such a petition; amending the powers and duties of a governing body; amending the powers of a commission in a commission-manager form of government.

#### **HB 571 BUILDING HOUSING COMMUNITIES (Rebecca Dow) Pocket Vetoed**

House Bill 571 designates municipalities that adopt voluntary planning and zoning strategies designed to increase New Mexico's housing inventory; provides technical support to municipalities; and enumerates duties of the Department of Finance and Administration.

#### **SB 16 NON-MAJOR PARTY VOTERS IN PRIMARY ELECTIONS (Natalie R Figueroa) Signed by Governor**

Senate Bill 16 modifies existing regulations concerning primary elections in New Mexico, specifically facilitating the inclusion of voters who have not designated a major political party affiliation.

## Procurement

#### **HB 456 ARCHITECT & ENGINEERING SVCS. & CONSTRUCTION (Brian G Baca) Signed by Governor**

House Bill 456 raises the monetary thresholds for indefinite-quantity (on-call) architectural/engineering and construction contracts in New Mexico, granting agencies and local public bodies greater leeway to consolidate multiple projects under a single contract. At the same time, it maintains reporting requirements and limits intended to ensure accountability and transparency in the procurement process.

#### **SB 274 BOARD OF FINANCE APPROVAL FOR LAND SALES (Peter Wirth) Signed by Governor**

Senate Bill 274 amends Section 13-6-1 NMSA 1978, raising the threshold for State Board of Finance approval on state agency and local public body property sales, trades, or leases. The bill increases the approval threshold from \$5,000 to \$30,000 for obsolete, worn-out, or unusable tangible personal property and raises the approval threshold for real property transactions from \$25,000 to \$150,000.

## Tax Policy

#### **HB 14 EARNED INCOME TAX CREDIT (Derrick J Lente) Vetoed by Governor**

House Bill 14 – the omnibus tax package bill – included several measures that provided a tax credit to eligible taxpayers: Earned Income Tax Credit and Foster Parent/Guardian Tax Credit. The bill also increased the liquor excise tax by 20 percent and earmarks the additional revenue to the tribal alcohol harms alleviation fund. These provisions had no fiscal impact on local government revenues (the LFC's FIR notes an exception for the City of Farmington, with an estimated loss of \$250,000, as the liquor

excise tax provision eliminated distributions to municipalities in a class A county within a specific population range).

HB14 also included a gross receipts tax (GRT) deduction for coinsurance payments to healthcare practitioners (beginning in FY27 and sunsetting in FY30), as well as extending the sunset of existing deductions on co-pays and deductibles to the end of FY30. The cost to local governments was estimated at about \$18.5 million in FY28, growing to \$27 million in FY29 per the LFC's FIR.

#### **HB 47 VETERAN PROPERTY TAX EXEMPTIONS (Art De La Cruz) Signed by Governor**

House Bill 47 implements the provisions of the constitutional amendments increasing the veteran's property tax exemption from \$4,000 to \$10 thousand (House Joint Resolution 6 from 2023) and allowing a proportional property tax exemption equal to the percentage of service-related disability (HJR 5 from 2023). Beginning with the 2026 property tax year, the \$10 thousand exemption will be adjusted for inflation using the consumer price index.

#### **HB 218 TAX CHANGES (Derrick J Lente) Signed by Governor**

House Bill 218 makes comprehensive changes to various taxation and revenue statutes, including updates to outdated provisions, amendments to the Metropolitan Redevelopment Code and the Tax Increment for Development Act to align with destination sourcing, and modifications to tax distribution procedures. The bill increases the threshold for quarterly or semiannual tax filings, grants the Secretary of Taxation and Revenue authority to compromise asserted tax liabilities in cases of refund denials, and increases the public disclosure threshold for installment agreements, abatements, refunds, and credits. It also allows a completed return to serve as a claim for a tax refund and eliminates the requirement for attorney general approval for tax closing agreements exceeding twenty thousand dollars. HB 218 includes various amendments related to tax liens, electronic filing deadlines, oil and gas tax payments, and municipal and county tax distributions. HB218 also removes the January 1 option for local Gross Receipts Tax and compensating tax rate changes (except in the case of emergency), leaving July 1 as the tax rate change date.

#### **SB 383 FLOOD RECOVERY BONDS & GROSS RECEIPTS (Candy Spence Ezzell) Signed by Governor**

Senate Bill 383 authorizes municipalities to issue flood recovery revenue bonds to finance the rebuilding, repairing, replacing, and hardening of municipal property damaged by floods. It creates a new local option municipal flood recovery gross receipts tax to repay the bonds. The bill declares an emergency and takes effect immediately upon passage and approval.

## **Other Bills**

#### **HB 24 COMMUNITY GOVERNANCE ATTORNEYS CHANGES (Miguel P Garcia) Signed by Governor**

House Bill 24 amends the Community Governance Attorney Act by expanding the eligibility for hiring community governance attorneys to include counties and municipalities with at least one designated colonia, in addition to state agencies. It also restores the five-member composition of the Community Governance Attorney Commission, refining the eligibility requirements for members. Additionally,

HB 24 clarifies contracting requirements for legal services, reinstating the requirement that contracts be executed only with service providers that have secured matching funding for a full-time position. HB 24 also revises the salary cap for loan forgiveness eligibility, aligning it with the entry-level salary rate paid by federally funded legal service providers rather than a fixed amount.

**HB 113 ANIMAL WELFARE PROGRAM AND TRUST FUND (Tara L Lujan) Signed by Governor**

House Bill 113 creates the Animal Welfare Program within the Department of Finance and Administration (DFA) to provide funding for the support the welfare of domestic cats and dogs, including grants to repair, renovate, or operate public owned animal shelters, control loose or stray cats and dogs, reduce animal shelter intake, provide spay and neuter services, or improve the enforcement of animal cruelty laws. The bill also creates the animal welfare program fund, administered by DFA, to provide funds to support the Animal Welfare Program. HB2 includes a one-time \$5 million general fund appropriation for the fund.

**SB 48 COMMUNITY BENEFIT FUND (Mimi Stewart) Signed by Governor**

Senate Bill 48 creates the Community Benefit Fund. The fund is intended for projects aimed at environmental and community improvement. Specific types of projects that can be funded include those that reduce greenhouse gases, increase electric grid capacity, promote renewable energy, and expand electric vehicle infrastructure. It also supports efforts to mitigate climate change impacts on natural environments and public health, encourages economic development that lessens dependency on fossil fuels, and funds worker training in relevant new industries. HB2 includes a one-time \$209.8 million general fund appropriation for the fund.

**SB 57 MEDICAL PROVIDER PATIENT IPRA INFO (Peter Wirth) Signed by Governor**

Senate Bill 57 proposes an amendment to the Inspection of Public Records Act of New Mexico, specifically adding a new exception to the types of public records that are exempt from disclosure. This new provision seeks to exempt any public record containing personal identifying information or sensitive information related to the practice of a medical provider who performs medical services related to abortion from being disclosed.

**SB 376 STATE EMPLOYEE HEALTH BENEFIT CONTRIBUTIONS (Elizabeth (Liz) Stefanics) Signed by Governor**

Senate Bill 376 modifies contribution percentage for state employee's health benefits and authorizes the Secretary of Health Care Authority to use funds appropriated from the Health Care Affordability Fund to reduce or eliminate premiums for certain government employees. Provisions of SB 376 that impact local public bodies include:

- When the secretary of the Health Care Authority (HCA) submits the HCA's annual budget request to the legislature, the secretary shall set actuarially sound rates sufficient to cover projected claims, subject to legislative appropriation.
- By September 1 of each year, the projected actuarially sound rate adjustment for the following fiscal year shall be communicated to the local public bodies who are part of the state employee health benefit program.

- Authorizes the HCA to establish a reference-based pricing program for in-network or out-of-network hospital services while also prohibiting hospitals from charging additional amounts to employees above the reference-based price.