



New Mexico Municipal League

LEGISLATIVE BULLETIN

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MORE MONEY, SAME CHALLENGES?

The Second Session of the 56th Legislature opened on January 16. For the third year in a row, the Legislature convenes with record revenues, with over \$3.8 billion in “new money” for the state’s general fund. Topics likely to dominate the discussion include crime and public safety, affordable housing, and oil and gas activity. Municipal League priorities for the 30-day session focus on increasing funding for chronically underfunded emergency medical services across the state and directing more funding to improve the state’s poor roads.

Budget Outlook. The state projects record general fund revenue for a fourth consecutive year, primarily a result of continued record oil and gas productions. Recurring general fund revenues are projected to reach \$13 billion in Fiscal Year 2025, which represents almost \$3.5 billion of “new money,” or a 36 percent increase from the FY24 operating budget. However, revenue growth is slowing, from over 20 percent growth in FY23 to 8 percent growth in FY24 and a projected 3.5 percent growth in FY25. The slowing growth reflects the volatile nature of the state’s energy-driven economy, and economists cite risks of sudden energy market price collapse, as well as longer-term risks from slowing energy demand.

Both the Executive and Legislative Finance Committee (LFC) budgets top \$10 billion in recurring general fund spending, with the LFC budget recommending a 5.9 percent increase from last year, at \$10.1 billion, and the Executive budget recommending a \$10.5 billion budget, a 9.9 percent increase. The LFC budget includes an average 4 percent raise for state employees and educators, increases in Medicaid spending to offset declining federal support, increased spending on public schools, courts, district attorneys, and public defenders, as well as a new \$300 million expendable trust fund to pilot and evaluate new programs, among other priorities. Priorities in the Executive budget include an average 3 percent pay increase for state employees and 14 percent increase for state police officers. The governor’s budget also includes \$500 million in one-time spending for housing initiatives. A key difference between the two budgets is the amount set aside for tax cuts - \$500 million in the executive budget and \$200 million in the legislative budget.

Key legislative session dates:

Opening day (noon): *January 16*
Deadline for introduction: *January 31*
Session ends (noon): *February 15*
Legislation not acted upon by governor is pocket vetoed: *March 6*

Your legislator can be reached by name through the legislative switchboard: (505) 986-4300 in Santa Fe. The Legislature’s website (www.nmlegis.gov) also contains legislator’s email addresses. You can also check the League’s website (www.nmml.org) for other League information.

See page 4 for a summary of how legislation is passed in New Mexico.

Legislative and Executive Priorities. In addition to passing a state budget, top issues in the 30-day session include addressing crime and bolstering public safety, potential limitations on oil and gas activity, climate initiatives and expansion of electric vehicle charging capacity, and addressing housing affordability. In a 30-day session, any proposed legislation must either have a budget impact or be on the Governor's agenda.

League Priority Legislation

The League is supporting several key bills in the 2024 legislative session:

- **A Senate bill (*no number yet*) would distribute an additional \$22 million to the Emergency Medical Services Fund, to support EMS services across the state.** Currently, the EMS Fund receives approximately \$2.9 million annually, which is insufficient to support emergency services across the state. EMS service is critical for communities across the state, providing lifesaving interventions, transportation to healthcare facilities, overdose response, and support for disaster response, as well as for the state's growing outdoor recreation industry. The bill redirects 10 percent of revenues from health insurance premium taxes from the General Fund to the EMS Fund and would not increase taxes on insurance providers or consumers.

The League supported a similar bill in the 2023 legislative session, which failed to make it through committee. Please help us communicate to legislators the importance of strengthening EMS services in your community – let your legislators know how increased funding would benefit your community's health and safety.

- As in previous years, the League is advocating for **more money for roads, by directing 100 percent of Motor Vehicle Excise Tax revenues to state and local road funds.** Currently, 59 percent of MVEX revenues go to the General Fund, 22 percent go to the State Road Fund, and 19 percent go to the Transportation Project Fund, a source of funding for local road projects. MVEX taxes are projected to generate approximately \$280 million in FY24.

New Mexico's road infrastructure is chronically underfunded, with 56 percent of major roads and highways in poor or mediocre condition, and investments in roads benefit communities across the state. Adjusting the distribution so that all motor vehicle excise tax revenues go to the general fund would mean an additional \$170 million for the road funds annually. **Senate Bill 65 (Senator Griggs) sets the distribution to direct 60 percent of revenue to the state road fund and 40 percent to the Transportation Project Fund.**

- **The League is also supporting a Senate bill (*no number yet*) to remove an improper fee on local governments assessed by the Taxation and Revenue Department.** A 3 percent fee on tax distributions for local governments costs cities and counties over \$50 million annually, with revenue going to the general fund. Fees collected by TRD are likely significantly higher than costs attributable to administration of local government GRT and compensating taxes. In FY22, fees on counties and municipalities were approximately \$51.5 million; compared to TRD's general fund budget of \$65.3 million. It is unlikely that administration of local government GRT and compensating tax accounts for 79 percent of agency services funded through general fund revenues.
- **The League also supports investments in water projects for local communities.** The Water Trust Board received a significant volume of applications for FY25, many from municipalities. Currently,

there is not enough money available in the Water Project Fund to award to all the vetted projects - the Water Trust Board will only be able to fund approximately half of the vetted projects, leaving over 30 eligible projects totaling \$143 million without funding. The League is working with legislators to explore options that would ensure all vetted projects receive funding.

Other Substantive Legislation

The League tracks bills with potential impacts on municipalities. Beginning this session, **you can view a real-time list of all [tracked bills](#) by policy area on our website**, under Legislative Information. Please note that tracking of a bill does not indicate any League position on the bill. For more information on specific legislation, please contact us!

Anatomy of a Bill

A bill is introduced by a sponsoring legislator on the floor of either house, numbered by the clerk and referred for consideration to one or more committees of that house. The deadline for introduction of all bills except appropriations bills or bills requested by the Governor (special messages) is noon on the 30th day of a 60-day session or noon on the 15th day of a 30-day session.

Committee recommendations usually determine the success or failure of a bill. A bill may be amended in committee or on the floor at any point in the process – sometimes changed so significantly that its own author would not recognize it – or a substitute measure with the same number and general subject matter may be put in its place.

If you are interested in a particular bill, do not be discouraged if it seems to sit for a long time in committee, particularly in a tax, finance, or appropriations committee. Bills requesting money or taxing authority often lie dormant until the last few days of a session and then move quickly.

If a bill passes successfully through its committee referrals, it returns to the floor of the chamber in which it was introduced for floor consideration. If it passes that chamber, it goes to the other chamber. However, it may also be tabled, referred again, or defeated.

In the second chamber the bill is again considered in one or several committees and it may again be amended or substituted. If it gets through its committee assignments, it returns to the floor of that chamber for consideration and may from there be referred, tabled, passed, or defeated.

If the bill passes the second chamber after being amended or substituted, the originating chamber must concur or fail to concur with the changes. If the originating chamber fails to concur, a conference committee representing both chambers is appointed to decide what to present to both chambers for acceptance.

A bill that has been passed by both the House and the Senate goes to the Governor for signature. The Governor may choose to sign or veto the bill. If the bill contains an appropriation, the Governor may veto portions if she wishes (*line-item veto*); if it does not, she may only veto the entire bill. If vetoed, 2/3 of the House and 2/3 of the Senate must vote in favor of the bill in order to override the veto. If the veto override fails, the bill dies.

Most bills do not reach the Governor's desk before the Legislature adjourns. The Governor has 20 days following the close of the session to sign, veto, or fail to sign (*pocket veto*) any bill that he or she did not act on during the session. In New Mexico, very few bills make it all the way to enactment. The historic trend in New Mexico is for more and more introductions each succeeding session.

General Abbreviation Codes

HB – House Bill

HCR – House Concurrent Resolution

HJR – House Joint Resolution

HJM – House Joint Memorial

HM – House Memorial

SB – Senate Bill

SCR – Senate Concurrent Resolution

SJR – Senate Joint Resolution

SJM – Senate Joint Memorial

SM – Senate Memorial

* - Contains Emergency Clause

CA – Constitutional Amendment

House Committees

HAFC – Appropriations and Finance
HAGC – Agriculture and Water Resources
HCEDC – Commerce and Economic Development
HCPAC – Consumer and Public Affairs
HCW – Committee of the Whole
HEC – Education
HENRC – Energy, Environment and Natural Resources
HHHC – Health and Human Services
HJC – Judiciary
HLLC – Local Government, Land Grants and Cultural Affairs
HLVMC – Labor, Veterans' and Military Affairs
HRC – Rules and Order of Business
HSEIC – State Government, Elections & Indian Affairs
HTPWC – Transportation, Public Works & Capital Improvements
HTRC – Taxation and Revenue

Senate Committees

SCC – Committee's Committee
SCONC – Conservation
SCW – Committee of the Whole
SEC – Education
SFC – Finance
SHPAC – Health and Public Affairs
SIRC – Indian, Rural and Cultural Affairs
SJC – Judiciary
SRC – Rules
STBTC – Tax, Business and Transportation