



New Mexico Municipal League

LEGISLATIVE BULLETIN

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PICKING UP STEAM, BUT NOT AT FULL SPEED YET

The Legislative session continued this week with dozens of new bill introductions. Some legislative observers have noted that the Legislature seems to be moving more slowly than usual this year. Most bills have not yet received a hearing, and with only 19 days left in the session, many bills will have an uphill battle to get through both chambers. This week saw heated debates about oil and gas regulations, firearms regulations, paid family and medical leave, and several other topics. The Municipal League is working to ensure that our priority bills get heard in committees as soon as possible.

Junior bill introduced. This year's so-called "junior bill," is [Senate Bill 218](#), sponsored by Senator Geoge Muñoz. The bill includes additional, one-time appropriations for local governments and state agencies. The current version of the bill does not yet include local government appropriations; those will be added in a committee substitute version, based on requests that legislators have already submitted on behalf of local governments. For reference, last year's junior bill included \$100 million in total appropriations.

A few problematic tax bills, but no major legislative push (yet) on taxes. Unlike last year, the legislature appears to have a limited appetite for large-scale tax code changes. We've seen a few bills that would erode the local tax base. We are watching these bills closely and expressing our concerns to legislators.

Problematic tax bills include the following:

- [House Bill 219](#), sponsored by Representative Jason Harper, exempts professional services (accounting, architectural, engineering, information technology, legal, and payroll services) from GRT. While this bill has a different mechanism than the sponsor's anti-pyramiding bill from last year, the impact would be similar – substantial revenue losses for local governments.
- [Senate Bill 174](#), sponsored by Senator Leo Jaramillo, provides a gross receipts tax deduction for receipts from the sale of legal services for people eligible to receive compensation under the federal Hermit's Peak/Calf Canyon Fire. This bill would benefit a handful of large law firms, and any GRT cost savings would be unlikely to be passed along to claimants. It would also erode local GRT

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.

revenues and would set a concerning precedent of even more tax “carve outs” to benefit individual industries (or in some cases, individual companies).

- **House Bill 257**, sponsored by Representative Jennifer Jones, expands the GRT deduction on food to include convenience stores located at least 35 miles from the nearest retail food store. The bill would make eligible for the deduction gas stations and stores such as Dollar Generals that don’t meet the current deduction requirement of at least 50 percent of sales from food. Again, this would erode local tax bases and worsen the “Swiss cheese” effect that exempts more and more business activity from GRT.

Heated debate on guns. Legislative committees heard several hours of heated debate on several bills related to firearms this week, including bills that would raise the legal age for gun purchases to 21, establish a 14-day waiting period for gun purchases, and ban gas-operated semi-automatic firearms. The League is not taking a position on these bills; however, we are consulting regularly with the New Mexico Chiefs of Police Association to assess potential impacts on municipal police departments in terms of liability, additional training requirements, or other impacts.

League Priority Legislation

- We are working to get committee hearings scheduled for **Senate Bill 151**, which would distribute an additional \$22 million to EMS services across the state, as well as an identical House bill (no number yet). While there is strong support for funding EMS services, a limited amount of “capacity” (or additional funds available for legislators to appropriate) means that any requests for recurring revenue must compete with a plethora of other requests. We are hopeful that the bills will receive hearings soon, and we will be reaching out to our fire departments and other interested stakeholders who can show up to support the bills. Senate sponsors are Pete Campos, Bill Burt, Pat Woods, and Crystal Diamond; the House sponsor is Gail Armstrong.

The Senate bill has been referred to the Senate Tax and Senate Finance committees.

- **Senate Bill 148**, sponsored by Senator Daniel Ivey-Soto and Representative Ryan Lane, removes 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. The bill has been referred to the Senate Tax and Senate Finance committees but has not been scheduled yet.
- Two bills direct **100 percent of Motor Vehicle Excise Tax revenues to state and local road funds**. **Senate Bill 65**, sponsored by Senator Griggs, sets the at 60 percent of revenue to the State Road Fund and 40 percent to the Transportation Project Fund; **Senate Bill 184**, sponsored by Senator Gonzales, distributes 75 percent of revenues to the State Road Fund and 25 percent to the Transportation Project Fund.

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.

Both bills are awaiting their first hearing.

- The League spoke in support of two bills that would direct significant funding to local governments. [House Bill 108](#), sponsored by Representative Reena Szczepanski, creates a \$110 million grant fund at the New Mexico Finance Authority for solar energy projects undertaken by municipalities, counties, tribal entities, and school districts, with a requirement that the majority of funding go to projects in rural areas. [House Bill 177](#), sponsored by Representative Meredith Dixon, allocates \$100 million to a matching grant fund at the Department of Finance and Administration. Funding would be available to any entities eligible to receive state funding to match federal grants.

Both bills passed their first committees.

- The League also spoke in support of [House Bill 201](#), sponsored by Representative Susan Herrera. **HB 201 appropriates an additional \$150 million to the Water Project Fund**, which will help fund water projects that have already been vetted and approved by the Water Trust Board but would not be covered under current funding levels. Without additional monies, the Water Trust Board would only be able to fund approximately half of vetted projects, leaving over 30 eligible projects (many in municipalities) totaling \$143 million without funding.

HB201 passed its first committee.

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