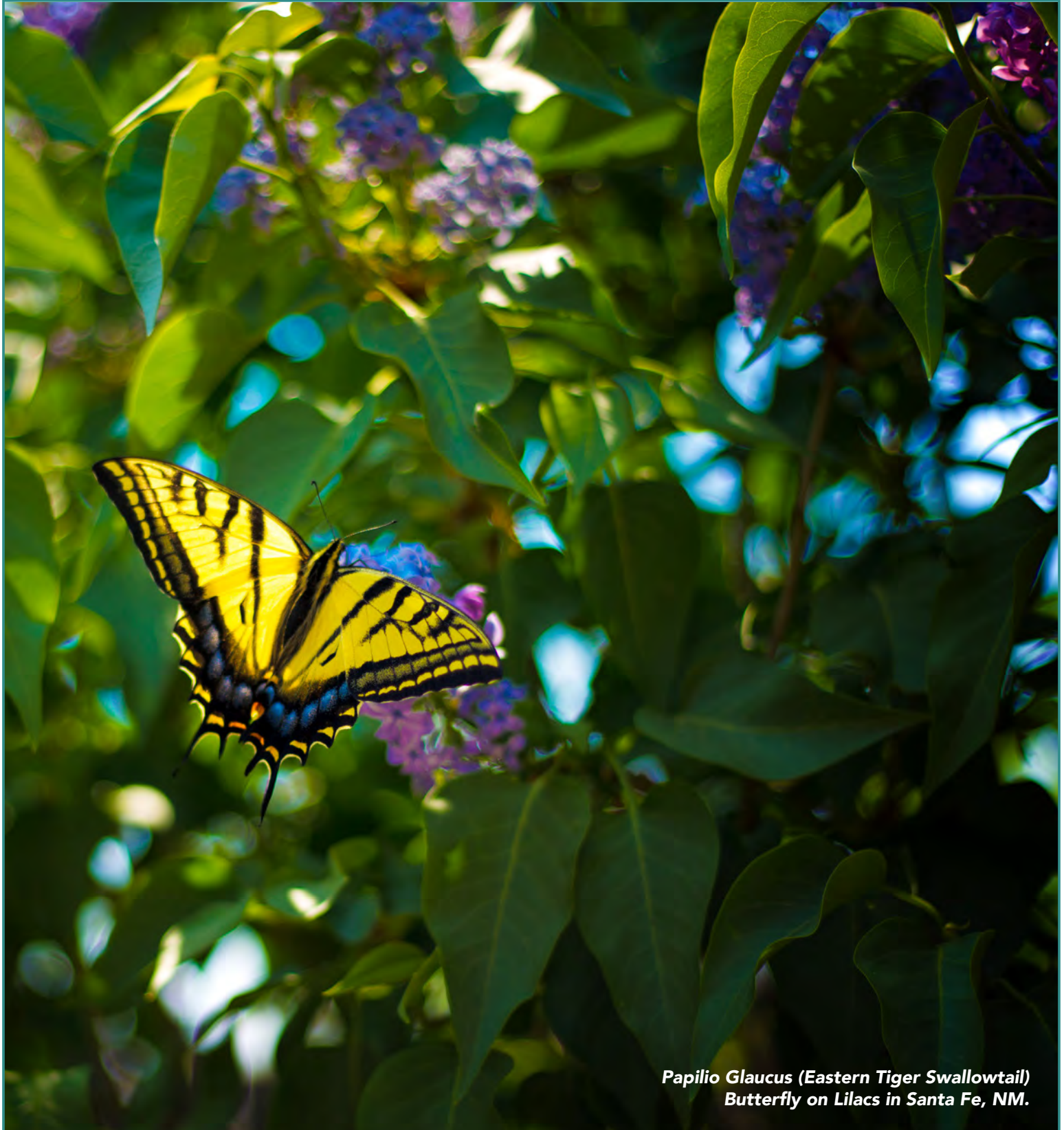


NEW MEXICO  
MUNICIPAL LEAGUE

# The Municipal Reporter

A Publication of the New Mexico Municipal League

Spring 2025



*Papilio glaucus (Eastern Tiger Swallowtail)  
Butterfly on Lilacs in Santa Fe, NM.*



## New Mexico Municipal League



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## Municipal Reporter

Spring 2025

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*Staff Editor* - Alison Nichols

For any questions or comments about this newsletter, or to submit content for publication, please contact Alison Nichols at [anichols@nmml.org](mailto:anichols@nmml.org)

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Merat Zarreii, Program Manager (ABCWUA)

Dear members,

As the dust settles from the 2025 legislative session, I want to thank all of you who lent your time and energy to make sure municipal voices were heard at the Roundhouse. I'm glad to report that we advanced several key priorities for municipalities and successfully defended against harmful local preemption attempts. House Bill 298, which brings long-overdue updates to the Municipal Code, and gives municipal governing bodies the ability to cross commission law enforcement officers, passed unanimously through both chambers. Our legislative team will continue to work with you to identify additional needed updates to the Municipal Code. Senate Bill 197, another League priority, also made it to the finish line unanimously, allowing EMS Fund revenues to be used for debt service—paving the way for more communities to finance ambulances and lifesaving equipment. We also saw significant investment in water infrastructure, including \$200 million in House Bill 2, the state's budget bill. HB2 also included investments in behavioral health, renewable energy, and rural services that directly benefit our communities.



This session showed once again that local voices matter. The League successfully communicated concerns about preemption bills that sought to override local authority, particularly in planning, zoning, and permitting functions. Later in this newsletter we share more detail about some of the key bills that passed, as well as what preemption is and why it's concerning for local governments.

As we head into the warmer months, I encourage you to take full advantage of the League's upcoming meetings and training sessions. These events are vital for building leadership capacity and strengthening your networks. Whether it's a Municipal Officials Leadership Institute training or a subsection meeting, each event offers tools and insights you can bring back to your community. Keep an eye on the League's events calendar for dates and registration details.


Of course, I would be remiss not to highlight this year's 68th Annual Conference, which I'm especially excited about, as it will take place in Ruidoso! As Mayor of Ruidoso, I'm thrilled to welcome you to our mountain village. We've got an incredible program in the works, with engaging workshops and general sessions, plus the chance to explore our beautiful region and enjoy time with your colleagues from around the state. I hope you'll join us in Ruidoso from September 16-19.

Thank you again for your commitment to your own communities and to communities statewide. As we move through 2025, let's keep our focus on working together to build resilience and supporting each other when times get tough.

See you in Ruidoso!

Lynn Crawford  
Mayor, Town of Ruidoso  
NMML President





## SAVE THE DATE!

### Municipal League Annual Conference

### September 16-19

### Ruidoso, NM

More details and registration coming soon

#### Key Dates for NMML Board Nominations & Declarations

*For Board positions elected at the 2025 Annual Conference (Treasurer, Vice-President, President-Elect, and four At-Large Directors)*

- June 18** – Written notice mailed to member municipalities soliciting nominations for NMML Board
- July 18** – Letter declaring candidacy for NMML Board must be received by NMML
- July 21** – If no nominations/declarations received, League President appoints a Nominating Committee
- July 23** – Report of declared NMML Board candidates sent to all members
- July 26** – Nominating Committee meets (if necessary)
- August 8** – Nominating Committee Report sent to all members (if necessary)
- September 18** – Election of officers and at-large directors at NMML Annual Conference (nominations may be made from the floor)

#### UPCOMING EVENTS

*For a full list of events, please refer to the Municipal League website*

- May 21-23**  
League of Zoning Officials  
Semi-Annual Meeting  
*Taos*
- June 12**  
NMML Board of Directors Meeting  
*Santa Fe*
- July 2**  
NMML Policy Committee Meeting  
*Albuquerque*
- July 23-25**  
Court Clerks Training  
*Albuquerque*
- July 25**  
Municipal Attorneys Association Summer CLE  
*Santa Fe*
- August 5-6**  
Municipal Officials Leadership Institute  
– Level I  
*Albuquerque*
- August 7-8**  
Municipal Officials Leadership Institute  
– Level II  
*Albuquerque*

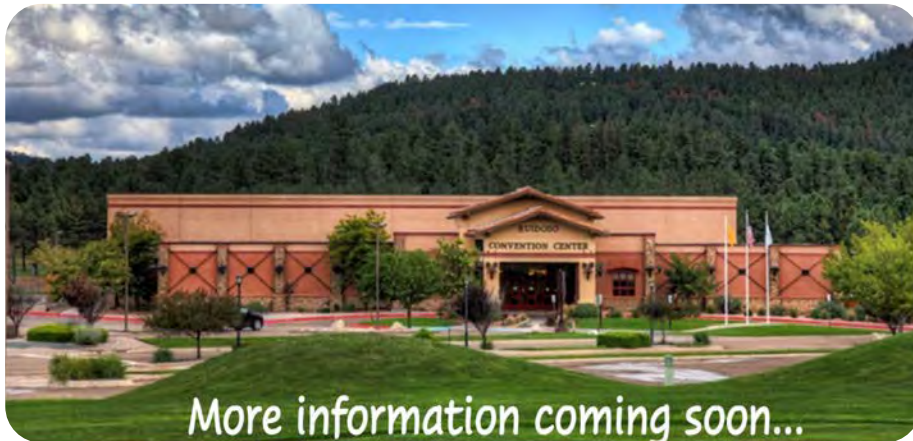


## New Mexico Fire Service Conference

# SAVE THE DATE

## September 25-28, 2025

## Ruidoso Convention Center



### Speakers Include:

*Mike Gagliano*

*Paul Combs*

## Municipal League Districts Elect Board Representatives

Four of the eight Municipal League districts met virtually on April 17 to elect representatives for the League Board of Directors. The following individuals were elected to the League Board as district representatives:

- **District 1:** Janis Jakino (Councilor, Farmington)
- **District 3:** Lori Chatterley (Mayor Pro Tem, Raton)
- **District 5:** Sarah Gallegos (Judge, Artesia)
- **District 7:** Guadalupe Cano (Mayor Pro Tem, Silver City)

Districts elect directors every two years; even-numbered districts will meet to elect their representatives in 2026.

*Thank you to all who participated. Congratulations to new and re-elected Board members!*



## The New Mexico Municipal League is Getting More Social!

After a century of serving New Mexico's municipalities, we're expanding our reach and getting social! You can now follow the League on Facebook, Instagram, X (formerly Twitter), and Bluesky to stay connected and informed. From upcoming events to highlights from around the state, we'll be sharing news, resources, and stories that showcase the incredible work happening in municipalities across New Mexico. We're excited to connect with you in new ways—and to show you all the ways we're working to support local governments every day.



# Municipal League News & Events

## Find and follow us on these platforms:



Facebook: New Mexico Municipal League



Bluesky: @nmmunicipalleague.bsky.social



X: @NewMexMunicipal



Instagram: nmmunicipalleague

## Clerks and Finance Officers Honor 'Clerk of the Year'

Since 1991, the Municipal Clerks and Finance Officers Association (CFOA), has honored a municipal clerk who has continued to their community, advanced the profession of municipal clerk, promoted municipal government in New Mexico, and/or significantly contributed to the objectives of the CFOA. Nominations are submitted by governing body members, managers, or other municipal leaders, and are reviewed and scored based on a set point criterion. The nominee receiving the most points is designated Clerk of the Year.

This year, **Christine Rivera, CMC, City of Las Cruces Clerk was selected as the 35th Clerk of the Year**. Her selection was announced and celebrated at the April 10 Spring Meeting Award Luncheon in Taos. Rivera was nominated by Las Cruces Councilor Becky Corran.

Rivera has served as city clerk for six years and has served in local government in a non-clerk role for an additional eleven years. Rivera's nomination application reflected her contributions to increased transparency of and access to city operations, including her leadership in implementing automated agenda creation software and public records request management software. Rivera was also instrumental in the effective execution of ranked choice voting for Las Cruces local elections. Rivera is an active member of the CFOA, serving as a district director, a member of the Education Committee, and a mentor to municipal clerks across the state.



Christine Rivera, City Clerk in Las Cruces, receives the 'Clerk of the Year' award

Other nominees for the award this year were Shawn Jeffrey of Cimmaron, Andrea Jones of Farmington, Arnold Ramirez of Tatum, Melanie Romero of Corrales, Molly Sanchez of Jal, Danielle Sedillo-Molina of Los Ranchos, Jini Turri of Ruidoso, and Ethan Watson of Albuquerque.

**Congratulations, Christine!**



# SPECIAL THANKS!



The New Mexico Fire Chiefs Association would like to express our sincere gratitude to **Fire Chief Josh Mack and Eddy County Fire & Rescue** for their generous support of the 2024 New Mexico Fire Service Conference. Your contribution was invaluable and quite instrumental in the great success of last year's conference.

*A heartfelt thanks to Judy Casados for the donation of the beautiful quilts. Your talent is beyond compare, thank you, Judy! (Rosebud Fire & Rescue, Inc.)*

We would also like to thank our Speakers, Sponsors, Exhibitors and of course everyone that attended the 2024 NMFSC. This Conference would not be possible without all of you!



## Get Ready for the Regular Local Election!

This year the Regular Local Election (RLE) will occur on November 4, 2025. For municipalities that have opted into the RLE, this election will be held to elect municipal officers (mayors, councilors/trustees/commissioners, and municipal judges) whose terms will be expiring on January 1, 2026.

Although the election is not until late fall, and the County Clerk's Office is largely responsible for the administration, there are duties that must be performed by municipalities in the next several months. Here is a non-exhaustive list of some of those duties:

- **June 7- July 7, 2025:** Between 120 and 150 days before the next RLE, each local government must notify the county clerk of the county in which the primary administrative office of the local government is situated of all local government positions that are to be filled at the next RLE.
  - o To determine which offices are up for election this year, it is recommended that you review the canvass and certificates of election from the past several elections, i.e., 2023 and 2021. If you don't have a copy, you can obtain these documents from the County Clerk's Office or the Secretary of State's Office.
  - o Elected officials are elected for four-year staggered terms. If there was a resignation mid-term, you may also have a two-year seat on the ballot (to fill the remainder of the original term).
  - o If you need assistance with this process, please reach out to Rebecca Martinez (505-690-3278 or [rmartinez@nmml.org](mailto:rmartinez@nmml.org))
- **By June 7, 2025:** Inform the County Clerk and Secretary of State's Office if your municipality has:
  - a. A law requiring a runoff election,
  - b. A law allowing public financing for candidates, or
  - c. Annexed property or made changes to your municipal boundaries since the last RLE. I recommend that you meet with the County Clerk's Office to review the geographical boundaries and districts (if districted) they have for your municipality so that any corrections can be made well in advance of the election. This can also be accomplished by providing a Geographic Information System (GIS) shape file to the County Clerk's Office and have them review it against the information within the statewide voter registration database.
- **No later than August 26, 2025:**

If a local government ballot question is to be submitted to voters on the RLE ballot, the local government must file a resolution proposing the ballot question with the county clerk of each county containing any precinct in which votes may be cast. This must be filed not less than 70 days before the election.

  - o Please make sure you allow your governing body enough time to approve a resolution with the ballot question(s) prior to August 26.
  - o Please review 1-16-2 NMSA 1978 for a list of local government ballot questions.



### You Have Options!

#### Want to opt into the RLE?

The governing body must adopt an ordinance and provide it to the Secretary of State's Office no later than June 30, 2025. The ordinance must also include a provision either lengthening or shortening the term of current office holders.

*Please reach out to NMML if you would like to talk through the pros and cons of participating in the RLE.*

NMML will lead a **virtual Regular Local Election School on May 15**. This training will include more in-depth election information for municipal clerks. Please refer to the NMML events page for details.

# 2025 Legislative Session Review

## Legislative Session Brings Updates to the Municipal Code, Bonding Ability for EMS Fund Monies, and Significant Funding for Local Water Projects

The First Session of the 57th Legislature ended at noon on March 22. Two League priorities – **updating portions of the Municipal Code and allowing recipients of EMS Fund monies to pledge those funds for debt service** – were among the bills that passed the Legislature and were signed by the governor. Additionally, **House Bill 2 provided significant funding for local government water infrastructure** with a one-time \$200 million appropriation. Other bills that passed with positive impacts for local governments included **adding stormwater to the definition of a municipal utility, providing grant opportunities for solar energy systems, and reducing the deficit in the employee group health benefits fund**. Also important were the numerous preemption bills that did not pass this session – legislation that sought to undermine local control and decision-making.

*Thank you to all the sponsors we worked with, as well as legislators who heard municipal concerns, and all the hard-working legislative staff. We are also grateful to our members for advocating for municipal interests throughout the session.*

*Thank you for your support!*

The 2025 Legislative Session saw 1,182 bills introduced, 195 bills passed by the Legislature, and 160 bills signed by the governor. With just 13 percent of bills introduced becoming law, a typical percentage in a legislative session, the League is proud and grateful HB298 and SB197 become law this session.



**House Bill 298** passed the House and Senate unanimously and was signed by the governor.

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. We saw strong support from legislators for this bill, and we will continue to bring forward needed updates to the Municipal Code in future years. Thank you to HB298

sponsors Representatives Christine Chandler and Mark Duncan and Senator William Sharer!

**Senate Bill 197** passed the Legislature unanimously and was signed by the governor. 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. The League appreciates the work of bill sponsors Senator Pete Campos and Representative Harlan Vincent!



**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. Thank you to HB283 sponsors Representatives Christine Chandler and Senator Linda Trujillo!

**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.

**Local control prevailed despite the introduction of numerous preemption bills this session.** Preemption refers to the use of state laws to nullify a local ordinance or authority. State preemption of local authority has been expanding across the country, in recent years, with state legislatures increasingly willing to limit or override the decision-making power of local governments. Preemption can take various forms, including prohibiting local governments from enacting certain laws, setting standards that local governments must meet, or directly enforcing specific policies at the local level. 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 development.

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 believes that effective, informed policy-making and local decision-making go hand-in-hand, and that local governing bodies and the state legislature should be partners when it comes to fostering safe, healthy, and vibrant communities. The League's efforts, coupled with strong support from our members, resulted in no significant preemption bills passing.

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

## Examples of Local Preemption Bills in 2025 New Mexico Legislative Session

*\*None of these bills passed\**

- **House Bill 582: Statewide Construction Templates.** Removed local zoning authority for master plan developments with fewer than 2,500 units and required use of standardized procedures and application templates.
- **House Bill 554: Residential Home Building Authority.** Restricted local zoning authority of accessory dwelling units (ADUs) and required multifamily housing in commercial zoning districts.
- **House Bill 335: Licensing Time Frames Transparency Act.** Created an unfunded mandate for local governments for permit reporting.

**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

# 2025 Legislative Session Review

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.





**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.

**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.

***Below is a non-exhaustive list of key bills with municipal impacts. Please refer to the League's [Summaries of Law](#) on our Legislative News & Information page on our website for a complete summary of 2025 legislation affecting municipalities.***

## Budget & Investments

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

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.



# 2025 Legislative Session Review

**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 Vetoes**

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. SB31 creates the Natural Disaster Revolving Fund and HB2 includes a one-time \$50 million other state funds appropriation for the fund.

## **Environment & Natural Resources**

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

House Bill 175 enacts the Per- and Poly-Fluoroalkyl Substances (PFAS) Protection Act. It prohibits certain products that contain an intentionally added PFAS and authorizes the Environmental Improvement Board to adopt rules prohibiting certain products that contain an intentionally PFAS. 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 PFAS.

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

Senate Bill 21 adds definitions to the Water Quality Act and provides for certain Water Quality Control Commission rules relating to the regulation of water pollution. 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.

## 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 - \$6.25 million, as well as other funds.

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

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](#). For a full list of projects by sponsor, see [here](#).

### **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 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 Vetoes**

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](#).

## 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. Refer to Page 9 [here](#) for additional summary information of HB8.

# 2025 Legislative Session Review

## **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.

## **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 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.

## 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.

## 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. HB14 also included a gross receipts tax (GRT) deduction for coinsurance payments to healthcare practitioners (beginning in FY27 and sunseting 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 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 and modifications to tax distribution procedures. 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**

## **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 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.



# New Mexico Self Insurers' Fund Update

## Letter from the Chair

*Linda Calhoun, NMSIF Board Chair, Mayor, Town of Red River*

If you can believe it, another legislative session is in the rearview mirror. This year's 60-day session delivered several key wins for local governments, including a major update to Chapter 3 that modernizes key provisions of the Municipal Code. These changes address long-standing questions and provide clearer guidance for elected officials and municipal staff. This is a victory worth celebrating—and it wouldn't have been possible without the work of local leaders in every corner of the state.

At the Self-Insurers' Fund, the Board of Trustees continues to invest in proactive risk management strategies. Most of the Fund's loss control programs are now scalable, meaning services can be adapted to suit the unique needs of both large and small member municipalities. With the addition of a Public Safety Director and several former law enforcement professionals, the Fund has significantly increased its capacity to support members' safety. Combining in-person services with online tools such as Lexipol, the Fund is now positioned to help members modernize and implement a wide range of standards and training within their public safety departments. This is a critical step in supporting the success of law enforcement personnel across the state.

When it comes to policy and governance, the Board is committed to aligning with best practices. Updated underwriting guidelines have clarified the pre-entry process for prospective members, helping to ensure consistency and integrity across the risk pool. As the Fund continues to grow—welcoming new municipal members year after year—it is essential that this growth remains stable and responsible.

The Fund also takes seriously its responsibility to provide high-quality services at a good value. In 2025, members can expect competitive procurements in several areas, including bill review, pharmacy benefits management, and administrative services for workers' compensation. These actions reflect the Fund's commitment to continuous evaluation—not waiting until the last moment to improve value, but instead seeking out opportunity before it becomes urgent. This approach also ensures that the commercial marketplace understands the Fund's evolving priorities.

Looking ahead, the Fund will begin early outreach related to Fiscal Year 2027 rates. This is an intentional shift, designed to give members and their finance teams maximum lead time to incorporate premium information into local budgets. The goal is simple: to eliminate uncertainty when making difficult financial decisions about how best to protect municipal assets and personnel. The Board will continue working to move this timeline up so that members can plan with as much clarity as possible.

As always, we welcome your questions and feedback. The strength of the Self-Insurers' Fund comes from the strength of our member communities—and our challenges, like our successes, are best met together.

## Mitigating Municipal Risk: Loss Control Measures for Cyber and Check Fraud

Recently, three municipalities became victims of financial fraud through email solicitations. Losses to municipal members from recent incidents ranged from \$4,500 to almost \$700,000. Unfortunately, the losses will likely not be recoverable from financial institutions, nor will they be covered entirely by insurance policies. NMSIF was also the target of a recent check fraud attempt of over \$200,000 that was thwarted by control measures in place, including utilizing the [Positive Pay](#) process with our banking partner (see *recommended loss control measures below*).

These financial fraud attempts were not insurable in the NMSIF Property policy. There are two policies that could apply, depending on the circumstances of the incident:

- **Crime – Employee Dishonesty Policy:** theft of municipal assets by employees and officials, and theft by fraud by outside actors. Common claims are “false pretense” scenarios involving email solicitations, “spoofing” email addresses to request new payment methods from current vendors. The current policy for this passthrough provides coverage for this claim up to \$50,000 with a \$10,000 deductible. Members can take advantage of this policy with completion of a simple questionnaire; this policy is uploaded onto your 2025 Documents tab in the Member Portal.
- **Cyber:** includes ransomware, phishing attempts, social engineering and identity theft, and losses by third parties. This passthrough coverage is individually underwritten since no blanket policy is available due to widely variable loss mitigation protocols in place for member insureds.

*If you suspect that you are the victim of financial fraud through electronic means, NMFSIF urges you to take these immediate steps:*

1. *Contact your financial institution to report the incident; they will engage their fraud teams and monitor your accounts for suspicious activity.*
2. *Contact law enforcement to file a police report, which will be necessary when filing a claim.*
3. *Contact NMSIF and/or your insurance broker/carrier to put them on notice and to initiate the Proof of Loss process.*
4. *Preserve all communications (emails, text messages, voicemails, letters, payment requests, receipts, etc.) related to the fraud attempts and transactions.*
5. *Review all financial security procedures and processes and implement additional training and security measures.*

**NMSIF recommends implementing the following safeguards to reduce the likelihood of financial losses from fraud:**

- **Implement Positive Pay:** Implement Positive Pay with your banking institution. Positive Pay is a fraud prevention service used by financial institutions to deter fraud. Banks use Positive Pay to match checks issued by companies with checks presented for payment. Checks or transactions that are considered suspicious are sent back to the issuer for review. Ensure that Positive Pay covers all payments, regardless of whether they are made by check, ACH or other means. *Contact your financial institution to discuss setting up Positive Pay.*
- **Limit the use of ACH payments:** Consider limiting your ACH payments to a small set of authorized transactions, such as payroll or credit card payments. Review all ACH activity regularly (ideally through Positive Pay) to confirm authenticity.
- **Verify any payment changes with vendors:** Contact a vendor directly by phone (using a phone number listed on the vendor’s website, NOT a phone number in the email you received) to confirm the authenticity of any requested change in payment methods, such as a change in address or routing number.



# New Mexico Self Insurers' Fund Update

- **Use multi-factor authentication:** Use a security system that requires multiple verification forms to grant access to an account or system. Instead of relying on just a single factor, typically a password, multi-factor authentication adds additional layers of security. These additional factors can include something you know (a password or PIN), something you have (a smartphone or hardware token), or something you are (biometric data like fingerprints or facial recognition).
- **Maintain firewalls and antivirus software:** Use both firewalls and antivirus software as part of a layered defense against cyber threats. Firewalls act as the first line of defense by blocking unauthorized access to networks, while antivirus software detects and removes malicious programs like viruses and ransomware. All municipal offices should use business-grade firewalls and enterprise-level antivirus programs, kept up to date with automatic updates and regular system scans. IT staff or providers should monitor firewall and antivirus alerts and update security settings as needed. Together, these tools help prevent cyberattacks and protect critical public systems and data.
- **Provide regular training:** Provide regular cybersecurity and financial fraud training for all staff, especially those handling sensitive data or payments. Training should cover how to recognize phishing attempts, social engineering tactics, and spoofed emails, as well as how to respond to suspected fraud or data breaches. NMSIF members can find training and policy-building tools related to cybersecurity through [Zywave](#) and [LocalGovU](#) – platforms available to all NMSIF members at no cost (refer to the Loss Control page on NMML's website for more information). New hires should receive onboarding in cyber hygiene, and all staff should complete refresher training annually.



### **Spread of Program of National League Focuses Experience on Improving Things**

To speak of a "National Municipal Work" seems to some a contradiction of terms, but it is only apparent. It requires but a moment's reflection to realize that the municipal worker in any one city should know what the municipal workers of other cities are doing—that the experience of all should be at the command of each. To serve this end has been the aim of the National Municipal League from its inception in 1894.

#### **Open Forum**

The National Municipal League has been an open forum for the prompt and sympathetic discussion of all phases of the city problem and for all proposed remedies, a careful investigator of the facts as a precedent to the formulation of policy, a clearing house of information, and a factor in the development of an intelligent and effective citizenship.

#### **Widest Latitude in Discussion**

From the beginning, the League has given the widest latitude to discussions, but has not submitted itself to any line of policy until after the most painstaking study and investigation. Many an alleged panacea has been exploded when subjected to the test in the League's annual meeting, while many an earnest but timid effort has been developed and strengthened. It is because of this unified breadth of interest and caution

that the National Municipal League is classed both among the leading reform organizations of the country and among educational societies—by the Engineering News. This publication began a thoughtful review of recent federal and state collections of uniform statistics in this way:

#### **Municipal Statistics**

Thanks to the National Municipal League, the Congress of the United States, acting through the Bureau of Census, and a number of state legislatures, acting through various administrative departments, there is now being brought together, year by year, an increasingly large and valuable collection of municipal statistics. Following more or less closely the classification of the National Municipal League, these municipal statistics are sufficiently uniform to afford what has been needed but lacking for so long a time: that is, means for comparing some of the many activities of our cities.

#### **Municipal Accounting**

Not only in the realm of municipal accounting and statistics has the League done important constructive work; but in the field of charter revision in all its several phases, in nomination reform, franchise policy, and civic education, the League has made important contributions of widespread usefulness.





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