



New Mexico Municipal League

Legislative Priorities: 2026 Legislative Session

Approved by the NMML Board on September 18, 2025



Invest in Water Infrastructure Projects

The Municipal League supports increased funding for municipal water infrastructure to address critical needs across New Mexico.

Aging infrastructure and the high costs of maintaining and upgrading water systems present significant challenges for municipalities, particularly as they face risks to long-term water supply. Municipal water systems serve approximately 70 percent of the state's population, but account for just 10 percent of systems, making investment in municipal water systems an effective way to ensure New Mexicans' access to clean, reliable water.

Statewide, municipalities have identified an estimated \$1.2 billion in needed but unfunded projects, pointing to the magnitude of need. The Municipal League supports continued investment in the Water Project Fund to address the funding gap between project applications and available funding.



Streamline Approval of Water Project Fund Projects

Legislative authorization requirements can delay shovel-ready water projects by several months, as funds cannot be disbursed until after the session and bill signing. This leaves capital idle and increases costs due to inflation, supply chain challenges, and missed construction windows. A temporary suspension of the requirement for legislative authorization, allowing the Water Trust Board (WTB) to directly approve eligible projects, would speed up funding, improve project outcomes, and maintain oversight through WTB's vetting process.



Protect Local Decision-Making Against Preemption Attempts

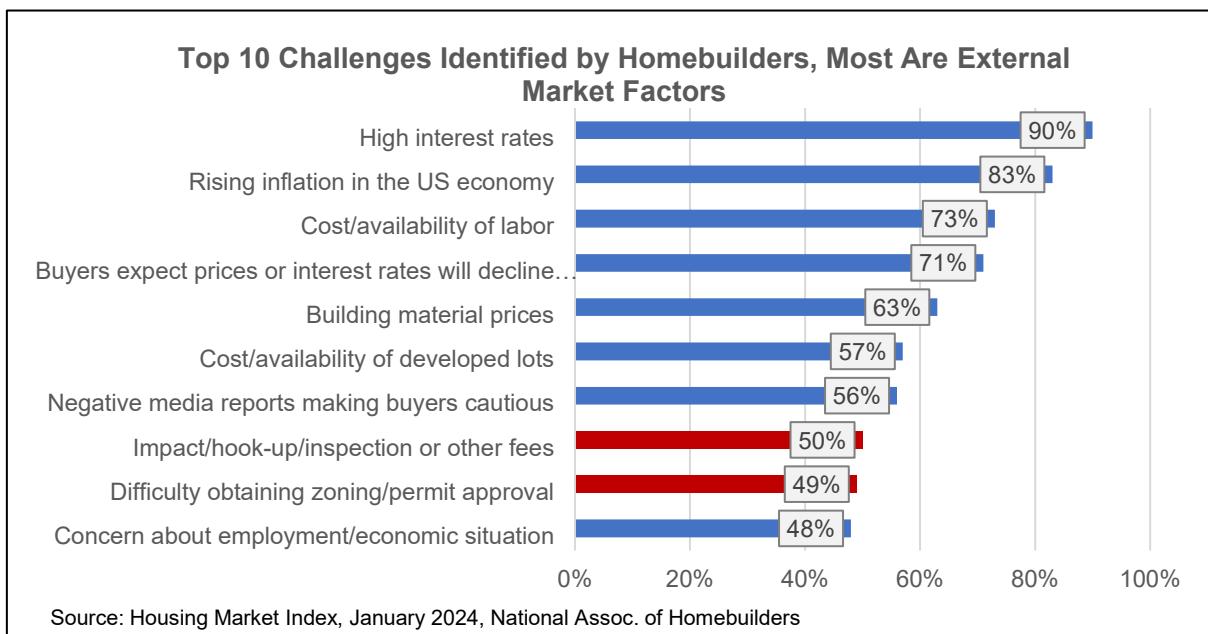
The Municipal League is committed to protecting local decision-making from state preemption.

Preemption occurs when state laws override or limit local authority, restricting municipalities from enacting ordinances or making decisions tailored to their communities' unique needs. Recent years have seen an increase in state preemption across the country, including in New Mexico, where efforts have been made to limit local control over areas like revenue generation, planning and zoning, election administration, and regulations on minimum wage, housing, and environmental protections.

Preemption undermines local self-governance and can impose one-size-fits-all solutions that fail to address the diverse needs of municipalities. The Municipal League is dedicated to defending local authority and ensuring that local governments maintain the ability to create policies that are responsive, effective, and accountable to residents.

The Municipal League is committed to helping member municipalities address affordable housing challenges without resorting to one-size-fits-all preemption policies that fail to consider local conditions and needs. (*Table I*)

Table I



Protect Local Revenue Sources



The Municipal League's remains committed to opposing efforts to erode local revenue sources. Municipalities are dependent on gross receipts taxes, with over two-thirds of general fund revenues coming from GRT. State policy changes that erode the municipal tax base threaten communities' ability to provide services such as public safety, roads, water, and quality of life services.

For example, local governments already lose approximately \$330 million annually from healthcare-related GRT deductions (*Table II*). Senate Bill 295/House Bill 344 introduced during the 2025 Legislative Session proposed a GRT deduction on medical equipment and services. If enacted, this deduction would have reduced local government revenues by an additional \$110 million or more. (*Table III*)

Table II

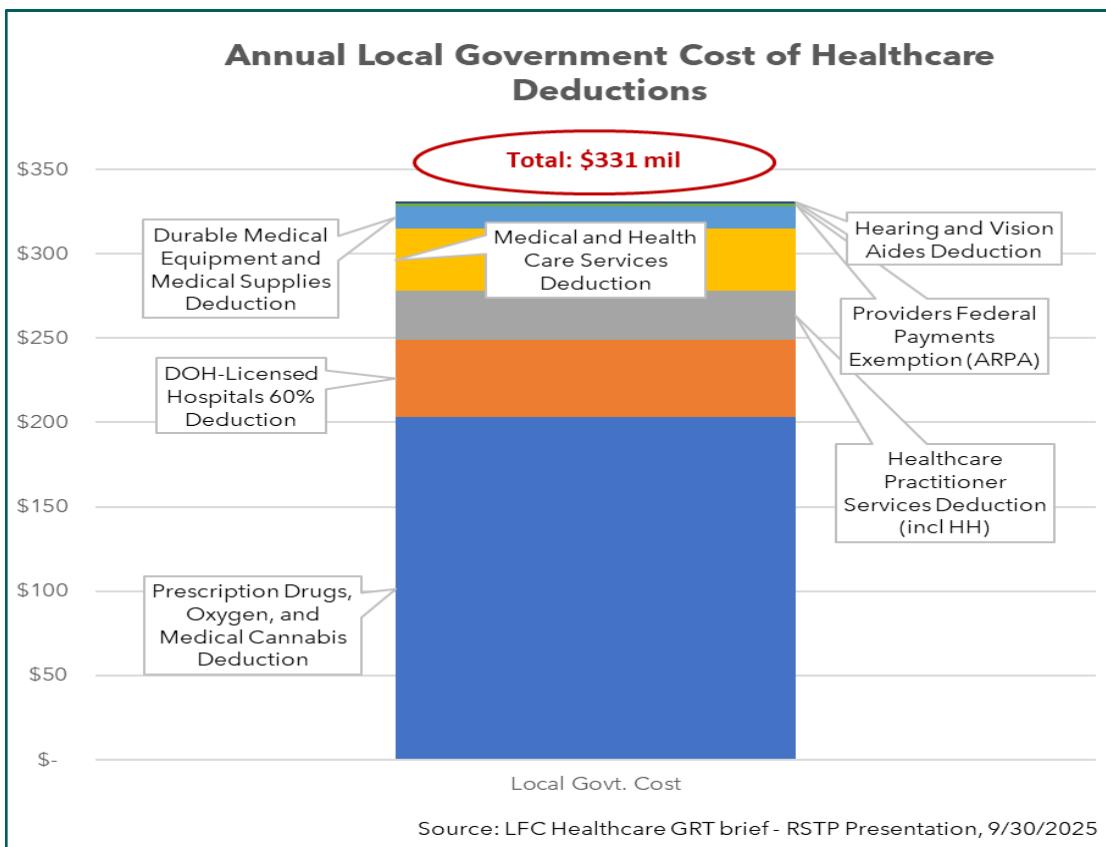


Table III Estimated Fiscal Impact of SB295/HB344 - Medical GRT Deductions

Entity	FY26	FY27	FY28	FY29
Total Local Govt Impact	(\$83.5 - \$102.1 mil)	(\$86.8 - \$105 mil)	(\$90.2 - \$108 mil)	(\$93.8 - \$111 mil)
Albuquerque	(\$32.5 - \$39.7 mil)	(\$33.8 - \$40.9 mil)	(\$35.1 - \$42.1 mil)	(\$36.5 - \$43.2 mil)
Las Cruces	(\$10.9 - \$13.4 mil)	(\$11.4 - \$13.8 mil)	(\$11.8 - \$14.2 mil)	(\$12.3 - \$14.6 mil)
Santa Fe	(\$6.9 - \$8.4 mil)	(\$7.2 - \$8.7 mil)	(\$7.4 - \$8.9 mil)	(\$7.7 - \$9.2 mil)
Alamogordo	(\$3.2 - \$3.9 mil)	(\$3.3 - \$4.0 mil)	(\$3.4 - \$4.1 mil)	(\$3.6 - \$4.2 mil)
Roswell	(\$3.0 - \$3.6 mil)	(\$3.1 - \$3.8 mil)	(\$3.2 - \$3.9 mil)	(\$3.4 - \$4.0 mil)
Rio Rancho	(\$2.7 - \$3.3 mil)	(\$2.8 - \$3.3 mil)	(\$2.9 - \$3.4 mil)	(\$3.0 - \$3.5 mil)
Farmington	(\$2.6 - \$3.2 mil)	(\$2.7 - \$3.3 mil)	(\$2.8 - \$3.4 mil)	(\$2.9 - \$3.5 mil)
Hobbs	(\$2.2 - \$2.7 mil)	(\$2.3 - \$2.8 mil)	(\$2.4 - \$2.8 mil)	(\$2.5 - \$2.9 mil)
Source: Municipality's share of total taxable GRT in all "Health Care and Social Assistance" industry NAICS codes, and that percentage is applied to the total local government impact of SB295/HB344, as identified in the LFC FIR				

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