



LEGISLATIVE BULLETIN

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CALM BEFORE THE STORM

The fourth week of the session ended with the release of an “anti-pyramiding” tax bill, our top concern this legislative session. House Bill 367, sponsored by Representative Harper and others, includes an “anti-pyramiding” provision that would have a significant impact on local governments, as we’ve previously flagged. The negative fiscal impact would result from GRT deductions for certain professional services – including accounting, legal, architectural, and engineering services – sold to businesses. A similar bill last year carried a fiscal hit of \$50 million to \$120 million for local governments. While this year’s version of the bill is slightly different, we also expect a substantial hit to local governments.

We are working on estimates of the bill’s overall impact on municipalities, as well as impacts on individual cities. We want to educate legislators on the potentially devastating impact these revenue reductions could have on local governments’ budgets and ability to pay for basic services. We will need your help to communicate these concerns to your legislators.

HB367 also reduces the statewide gross receipts and compensating tax rates to 4.625 (the GRT rate is currently 5 percent and scheduled to decrease to 4.875 percent on July 1). The decrease in the statewide rate would not affect municipalities, which would still receive 1.225 percent of taxable gross receipts. The bill does not contain any restrictions on local governments enacting GRT rates, as we saw last year.

House and Senate finance committees are wrapping up agency budget hearings. The House Appropriations and Finance Committee will release its detailed version of House Bill 2, the General Appropriations Act, next week (HAFC’s current appropriations recommendations can be found in House Bill 214). As usual, we will begin to have a better idea of the amount of funding available for priorities outside of HB2 once the bill passes the House and is heard in the Senate Finance Committee. After that point, SFC will begin to hear other bills with General Fund impacts – including several League priority bills (SB104 providing airport improvement funding, SB23 providing additional funds for emergency medical services, and SB184 directing more motor vehicle excise tax revenue to road funds).

**Join us for Municipal Day
on February 17!**

La Fonda Hotel in Santa Fe

For details and registration,
see the League’s website:
www.nmml.org

*Evening welcome reception on
February 16*

The deadline for new bill introductions is Thursday, February 16.

Municipal League Priority Legislation

- **Senate Bill 104** (Senator Munoz), **providing \$314 million in funding for airport improvement projects statewide**, received a unanimous “do pass” recommendation last week in the Senate Tax, Business and Transportation Committee. The committee voted to pass a committee substitute version of the bill (which increased the total funding by approximately \$5 million and also made the funds available in FY23 instead of FY24). The bill goes next to the Senate Finance Committee. *See page 4 for a list of funding by airport.*
- **Senate Bill 23** (Senator Campos), which **increases EMS funding for statewide emergency services** from approximately \$2.9 million to \$12.9 million, has passed unanimously in the Senate Health and Public Affairs Committee. The bill goes next to the Senate Finance Committee.
- **Senate Bill 184** (Senators Kernan and Gonzales), directing approximately \$140 million annually to state and local road funds, is awaiting a hearing in STBTC.
- **Senate Bill 250** (Senator Burt), which increases the firefighter survivors’ benefit to \$1 million, is awaiting a hearing in SHPAC.
- We anticipate seeing another of our priority bills filed in the next day or two. Senator Burt is sponsoring a bill that will **support public safety agencies’ implementation of the statewide public safety radio network** through an appropriation to the Department of Information Technology to cover agencies’ subscriber fees. The network provides reliable, statewide interoperability for public safety agencies, but subscriber fees are a barrier to widespread adoption.

Key legislative session dates:

Opening day (noon): *January 17*
Deadline for introduction: *February 16*
Session ends (noon): *March 18*
Legislation not acted upon by governor is pocket vetoed: *April 7*

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 5 for a summary of how legislation is passed in New Mexico.

Other Relevant Legislation

- Several bills address **public employee “return-to-work” provisions, pension benefits**, or in some cases, both. The League has been meeting with legislators and other stakeholders to advocate for a return-to-work bill that is effective and targeted to the positions that municipalities most often struggle to hire. For example, we hope to see a “time-out” period of no more than 90 days, so that retired law enforcement returning to work do not lose their certifications. We are also supportive of a five-year return period, rather than a three-year return period, which may be too short.

At the same time, we are cautious about provisions in some bills (**Senate Bill 124, Senate Bill 106, House Bill 227**) that increase maximum pension payments from 90 percent to 100 percent of final salary. We believe more actuarial analysis is necessary, as increasing benefits to 100 percent of final salary could jeopardize fund solvency and require future increases in employer and employee contributions. New Mexico already has among the most generous public retirement benefits in the country.

- **Senate Joint Resolution 6** (Senator Sedillo-Lopez) and **House Joint Resolution 4** (Representative Ferrary) both propose **amending the New Mexico Constitution to add a section in Article II enshrining certain environmental rights – a so-called “Green Amendment.”** Like last year, we have concerns with the broad and ambiguous language of the proposed amendment, which we believe could subject local permitting and other decision-making to increased litigation, including frivolous or exploitative litigation. For example, permitting for housing developments could be at risk if opponents claim development has a negative impact on flora, fauna, or other ecosystems.

Additionally, including the language in Article II would trigger the state's Civil Rights Act, expanding liability not only to local governments, but also to anyone "acting on behalf" of local governments, such as contractors or volunteers. We believe this could make it difficult for municipalities to appropriately manage risk, and could expose taxpayers to significant litigation costs.

- **Senate Bill 6** (Senator Campos), which **appropriates \$100 million for zero-interest loans to communities affected by the Hermits Peak-Calf Canyon Fire**, passed unanimously in the Senate.
- **Senate Bill 1** (Senator Wirth) also passed unanimously in the Senate. SB1 enacts the **Regional Water System Resiliency Act, creating a legal framework for the creation of regional water utility authorities**. The Act allows small water systems to consolidate, potentially leading to greater efficiencies and lower costs.

Senate Bill 104 (STBTC Committee Substitute) – Appropriations by Airport

| Associated Municipality | Facility Name | Total Project Amounts |
|-------------------------|-------------------------------------|-----------------------|
| Alamogordo | Alamogordo-White Sands Rgnl | \$ 15,545,407 |
| Albuquerque | Double Eagle II | \$ 6,606,424 |
| Angel Fire | Angel Fire | \$ 1,779,102 |
| Artesia | Artesia Municipal | \$ 8,716,444 |
| Aztec | Aztec Municipal | \$ 1,577,777 |
| Belen | Belen Regional Airport | \$ 3,708,700 |
| Carlsbad | Carlsbad - Cavern City Air Terminal | \$ 5,966,610 |
| Carrizozo | Carrizozo Municipal | \$ 1,523,111 |
| Clayton | Clayton Muni Arpk | \$ 1,212,222 |
| Clovis | Clovis Regional Airport | \$ 37,086,507 |
| Conchas Dam | Conchas Lake | \$ 341,667 |
| Crownpoint | Crownpoint | \$ 1,908,000 |
| Deming | Deming Municipal | \$ 962,222 |
| Dulce | Jicarilla Apache Nation | \$ 2,038,500 |
| Espanola | Ohkay Owingeh | \$ 6,746,977 |
| Farmington | Farmington Four Corners Regional | \$ 13,615,334 |
| Fort Sumner | Fort Sumner Muni | \$ 2,911,110 |
| Gallup | Gallup Muni | \$ 23,370,437 |
| Grants | Grants-Milan Muni | \$ 5,519,944 |
| Hatch | Hatch Muni | \$ 3,049,805 |
| Hobbs | Hobbs - Lea County | \$ 22,293,829 |
| Jal | Jal - Lea County | \$ 2,955,197 |
| Las Cruces | Las Cruces International | \$ 17,599,501 |
| Las Vegas | Las Vegas Muni | \$ 1,226,444 |
| Lordsburg | Lordsburg Muni | \$ 1,377,500 |

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|------------------------------|---|-----------------------|
| Los Alamos | Los Alamos County | \$ 1,164,444 |
| Lovington | Lovington - Lea County- Zip Franklin Memorial | \$ 2,270,554 |
| Magdalena | Magdalena | \$ 2,008,333 |
| Moriarty | Moriarty Municipal | \$ 2,578,940 |
| Navajo Dam | Navajo Lake | \$ 150,000 |
| Portales | Portales Muni | \$ 2,947,222 |
| Questa | Questa Municipal 2 | \$ 722,000 |
| Raton | Raton Muni Crews Field | \$ 5,043,143 |
| Reserve | Reserve - Catron County | \$ 1,785,000 |
| Roswell | Roswell Air Center | \$ 51,372,854 |
| Ruidoso | Ruidoso - Sierra Blanca Regional | \$ 9,629,444 |
| Santa Fe | Santa Fe Municipal | \$ 4,492,944 |
| Santa Rosa | Santa Rosa - Route 66 | \$ 2,886,444 |
| Santa Teresa | Dona Ana County Intl Jetport | \$ 1,895,444 |
| Shiprock | Shiprock Airstrip | \$ 5,673,222 |
| Silver City | Silver City - Grant County | \$ 3,044,444 |
| Socorro | Socorro Municipal | \$ 3,597,616 |
| Springer | Springer Municipal | \$ 4,366,666 |
| Taos | Taos Municipal | \$ 6,002,000 |
| Tatum | Tatum Airport | \$ 22,222 |
| Truth Or Consequences | Truth Or Consequences Municipal | \$ 3,601,446 |
| Tucumcari | Tucumcari Municipal | \$ 1,725,716 |
| Vaughn | Vaughn Municipal | \$ 2,934,222 |
| Zuni Pueblo | Zuni | \$ 4,672,000 |
| Grand Total | | \$ 314,225,094 |

How a Bill Gets Passed in the New Mexico State Legislature

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, few bills make it all the way to enactment. The historic trend in the state 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, Acequias 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 – Rural Development, 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 – Committees' 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