



LEGISLATIVE BULLETIN

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With three weeks left in the session, a sense of déjà vu has set in. Last year, we found ourselves making a push in the final days of the session to oppose a harmful tax bill provision – a moratorium on local governments’ enacting local tax options. This year, we are focused on another concerning tax provision – anti-pyramiding efforts that would negatively impact local governments by \$70 million to \$110 million. While House Tax Committee members were responsive to local government concerns about House Bill 367, we understand that enacting anti-pyramiding is still a top priority for the Governor’s office, so we anticipate it could appear in a final tax “omnibus” bill. We have been clear with the Legislature and the Executive that any anti-pyramiding efforts would need to be paired with an offsetting mechanism so as not to damage local finances. For example, the state could increase the local share of state GRT distribution (currently set at 1.225 percent of taxable gross receipts) to offset anti-pyramiding losses.

The Senate Finance Committee has begun consideration of House Bill 2 (the General Appropriation Act). The House version of the bill appropriates \$9.43 billion in recurring general fund monies for FY24, a 12 percent increase from the FY23 budget. Senate Finance will put its own stamp on the bill, including additional one-time spending. We are cautiously optimistic that some level of funding for airport projects will be included in HB2.

We have raised concerns with the Senate Finance Committee about problematic language included in HB2. We strongly object to language in the bill that would charge local governments additional costs for employee healthcare coverage received in prior fiscal years. The language reads as follows: “*[f]or prior-year shortfalls in the employee group health benefits fund, contingent on implementing a one-time, employer-only assessment, with matching funds from local governments...*”. We believe this language violates statute. Local governments have already paid for and received this coverage. The Municipal League is supportive of future premium increases to maintain fund solvency, but objects to the state balancing its budget on the back of local government.

Legislative recommendations for local capital outlay projects have not been released yet, but the amount of General Fund monies for local projects is expected to be substantial. Each senator will have over \$4 million to allocate to capital outlay projects, which each representative will have approximately \$2.5 million. So far, the

capital outlay bill (House Bill 505) includes \$399 million in General Fund revenues and \$138.6 million from other state funds for state agency, higher education, judiciary, and senior center projects.

Municipal League Priority Legislation

- **Senate Bill 250** (Senator Burt), which **increases the firefighter survivors' benefit to \$1 million**, sailed through Senate Finance on Wednesday and passed the Senate unanimously on Friday. We're glad to see this important bill moving quickly through the legislative process.
- **Senate Bill 184** (Senators Gonzales and Kernan), **which directs more funding to state and local road funds, passed the Senate Tax, Business and Transportation Committee unanimously** on Tuesday. SB184 adjusts the distribution of motor vehicle excise taxes to direct 60 percent of revenues to the State Road Fund, and 40 percent to the Transportation Project Fund, which provides funding for municipal, county, and tribal road projects. The bill would direct at least \$140 million annually in additional revenues to the two road funds. The bill goes next to Senate Finance.
- **Senate Bill 409 supports 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. SB409 provides funding for subscriber fees for municipal, county, and tribal public safety agencies that provide law enforcement, fire, medical, or other emergency services. SB409 will be heard first by the Senate Health and Public Affairs Committee, but has not been scheduled yet.
- **Senate Bill 104** (Senator Munoz), **providing \$314 million in funding for airport improvement projects statewide**, previously received a unanimous "do pass" recommendation 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.
- **Senate Bill 23** (Senator Campos), which **increases EMS funding for statewide emergency services** from approximately \$2.9 million to \$12.9 million, previously passed unanimously in the Senate Health and Public Affairs Committee. The bill goes next to the Senate Finance Committee.

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

- The Senate Finance Committee held a lengthy hearing on Thursday on **Senate Bill 11** (Senator Stewart), which **establishes a 12-week Paid Family Medical Leave (PFML) benefit for nearly all workers in the state, including municipal employees**. The bill requires employee contributions of 0.5 percent and employer contributions of 0.4 percent of wages into a PFML fund. Benefits for employees taking eligible leave would be paid out of the fund.

Based on initial League analysis, the annual cost to municipal employers would be approximately \$4.6 million, while the total cost to municipal employees would be approximately \$5.8 million (approximately \$18 per month for an employee making \$44,000 annually). We have not yet analyzed the impact on specific cities. Some municipalities may already offer some type of paid family and medical leave benefit – to the extent that cities are already paying these costs, the overall estimated impact to cities would be somewhat lower.

The League has not taken a position on SB11. We see value in a benefit that could help retain employees and support a healthy workforce. However, we are concerned that the fiscal impact – to both employees and employers – could end up being higher than initial estimates, if the uptake rate of benefits is higher than anticipated. The bill's fiscal impact report raises this concern, noting that premiums may have to be raised in future years to ensure fund solvency. SB11 passed the Senate Finance Committee and is awaiting a hearing on the Senate floor.

- Following unanimous votes on both the Senate and House floors, the **Governor signed Senate Bill 6** on Monday. SB6 **authorizes the Department of Finance and Administration to distribute \$100 million in zero-percent interest loans to local governments** or political subdivisions who have eligible projects stemming from the 2022 Hermit's Peak-Calf Canyon Fire. Since federal relief is often slow to be distributed, the program created in SB6 will make available bridge loans to communities. SB6 passed with an emergency clause, meaning the \$100 million will be available to communities immediately. SB6 marks the first major bill the governor has signed this session.

- Three bills authorize funding for loan or grant programs through the New Mexico Finance Authority:
Senate Bill 314 authorizes NMFA to make loans of grants from the Water Project Fund pursuant to the Water Project Finance Act. This year, there are 59 qualifying water projects, totaling approximately \$138.7 million. SB314 passed Senate Conservation Committee unanimously and is now waiting to be heard in Senate Finance.

Senate Bill 332 authorizes NMFA to provide loans from the Public Project Revolving Loan Fund (PPRF) to 48 state and local government entities. PPRF loans can be used to finance public projects such as infrastructure improvements, road projects, water system upgrades, fire and law enforcement equipment, public buildings, hospitals and healthcare facilities, electric and broadband utilities, quality of life projects, and other capital equipment projects. Authorization does not guarantee projects will receive a PPRF loan. Loans will be made to entities that can identify a sufficient repayment source and meet other financial criteria established by NMFA. SB332 has passed in the Senate and is waiting to be introduced in the House.

House Bill 298 appropriates a total of \$14.2 million from the Public Project Revolving Loan Fund. Appropriations are made to the following funds: \$3.5 million to the Drinking Water State Revolving Loan Fund, \$3.7 million to the Clean Water State Revolving Loan Fund, \$5 million to the Cultural Affairs Facilities Infrastructure Fund, and \$2 million to the Local Government Planning Fund. HB298 is awaiting a hearing on the House Floor.

- **Senate Bill 63 (Senator Tallman), which the League supports, passed the Senate on a 31-9 vote.** SB63 **provides disclosure exemptions for applicant information for senior-level state and local positions.** A hiring entity would only have to publicly disclose the names of the top three finalists for the role. Municipalities struggle to hire for many senior roles, and we believe the bill's provisions could help attract larger and better-qualified applicant pools if potential applicants knew their names wouldn't be released publicly until they reached the final hiring decision stage.

- **Senate Bill 251** (Senator Hamblen), which amends the **Metropolitan Redevelopment Code**, passed **unanimously in the Senate Tax Committee**. SB251 allows a municipality or county to dedicate up to 75 percent of local option gross receipts tax, as applied to any increase in economic activity in the metropolitan redevelopment area (MRA). The bill also allows the MRA to receive up to 75 percent of the state gross receipts tax imposed on the increase in economic activity, contingent on approval of the State Board of Finance. The additional revenues could be used to either directly fund or bond for construction or reconstruction of properties within the MRA.
- We heard from a few members that they were concerned about language in **Senate Bill 255** (Senators Kernan and Hemphill Correa). The bill **creates a mileage reimbursement rate for ambulance providers that deliver services to Medicaid patients** or perform environmental modification services or installation of medical equipment at the homes of Medicaid patients – a positive change for ambulance services. However, the original version of the bill included a provision that the reimbursement rate could not be higher than the internal revenue service's official mileage reimbursement rate. The IRS rate is lower than the Public Regulation Commission's reimbursement rates, and so the bill could negatively impact the overall reimbursement that providers received. We were pleased to see the sponsors amend the bill to remove the provision referencing the IRS rate. The amended bill passed the Senate Health and Public Affairs Committee.

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