

LEGISLATIVE BULLETIN

VOL. 2017-8

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TAX REFORM BILL PASSES HOUSE - HEADED TO SENATE

With only nine days left in the 2017 legislature, lawmakers continue to wrestle with the state's financial condition. The General Appropriations Act of 2017 – the budget – remains in the Senate Finance Committee. Several other measures that re-appropriated monies and took cash balances from school districts have been signed, but there is still the fear that the state will face a deficit at the end of the fiscal year.

House Floor Substitute for House Bill 412, Tax Reform originally introduced by **Representative Jason Harper and Senators John Arthur Smith and Carlos Cisneros**, passed the House on a 63-0 vote. The bill specifically prohibits a municipality from imposing an excise tax on food and beverages. One of the original features of the massive tax reform bill was the re-imposition of the tax on food, but that was removed by the substitute as well as how property tax is valued and some income tax rates. The substitute also removes a number of gross receipts tax exemptions and deductions. The bill also reduces the gross receipts tax rate for the state and local governments. The bill now goes to the Senate.

The Governor has signed two non-budget related bills. House Bill 60 Broadband Infrastructure Development introduced by **Representative Carl Trujillo and Senator Jacob Candelaria**, places broadband development in terms of economic development and would allow private entities the chance to work with public bodies in laying fiber optic cables. House State Government, Indian and Veterans Affairs Committee Substitute for House Bill 113, Statewide Broadband Network, originally introduced by **Representative James Smith and Senator Daniel Ivey-Soto**, calls for the development of a statewide broadband network that would include schools and government assets. The Governor signed both this week.

Senate Bill 231, Increase Cigarette & E-Cigarette Taxes introduced by **Senator Howie Morales**, passed the Senate on a 24-16 vote. The bill would raise the amount of tax on a pack of cigarettes by \$1.50 and would set the state rate at \$3.16 a pack. The increased revenue would be earmarked for public schools.

House Local Government, Elections, Land Grants and Cultural Affairs Committee Substitute for House Bill 174, Local Election Act introduced by **Representative James Smith and Senator Daniel Ivey-Soto**, was scheduled to be heard in Senate Rules Committee on Wednesday, March 8, but was rolled over until Friday, March 10. The bill passed the House on a 38-29 vote. The bill repeals the Municipal Election Code and requires all non-partisan elections to be held on the same day.

House Bill 266, Short-Term Rental Occupancy Tax introduced by **Representative Carl Trujillo**, received a Do Pass recommendation from the Senate Corporations and Transportation Committee. The bill had passed the House on a 61-0 vote. The bill eliminates an exemption from the occupancy tax for establishments that rent or lease three or fewer rooms or that have three properties in the same property tax jurisdiction. An identical bill, Senate Bill 254 introduced by **Senator John Sapien**, passed the Senate on a 25-4 vote and now goes to House Business and Industry Committee.

NOTE: The League will not publish a *Legislative Bulletin* next week as the session ends on March 18. We will publish a *Final Bulletin* in the coming weeks.

LEAGUE OFFICE PARKING DURING THE SESSION

Because of the demand for parking around the Capitol during the session, we must protect the availability of parking for our municipal officials and staff. In order to reduce the possibility of accidents, a few areas in our lots are designated by signs as “NO PARKING” AREAS.” If you are visiting the session and need to park in the League lots, please help us by observing the following rules:

- 1. Do not park in the areas designated as “NO PARKING” zones.*
 - 2. Obtain a League Parking Permit from the reception desk and leave it on the rear-view mirror of your car so that it’s easily visible.*
 - 3. DOUBLE PARKING OR PARKING BEHIND ANOTHER CAR IS NO LONGER PERMITTED IN OUR LOTS.*
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YOUR LEGISLATIVE BULLETIN

This is the first in the series of weekly League **Legislative Bulletins** designed to communicate with municipal officials, legislators and the Executive Branch of state government.

This year the League will publish the **Bulletin** electronically and will not distribute a printed copy. We will post the **Bulletin** on Friday mornings on the League’s website under the listing of “Publications.” We will then e-mail a link to the document to our membership through our list serve that we use to distribute *The Municipal Reporter*.

Municipal officials who receive the **Bulletin** include all mayors, commissioners, councilors, trustees, managers, clerks, municipal judges, police chiefs and many other municipal officials.

The **Legislative Bulletin** contains:

- ◆ a brief review of all bills of municipal interest of which we have received a copy since the prior Bulletin (it will save you and us time if you make a note of the House or Senate Bill number you are interested in);
- ◆ a brief analysis of key legislative developments of the past week;
- ◆ detailed explanations of key municipal bills; and, perhaps,
- ◆ an Action Call if any important municipal bill is scheduled to be heard in committee or on the floor of either house.

Your legislator can be reached by name through the **Legislative Switchboard: (505) 986-4300** in Santa Fe. For those of you on line, the Legislature’s web site also contains the e-mail addresses of those legislators who use the service. That address is: <http://www.nmlegis.gov>. Also check the League’s web site (www.nmml.org) for League information.

CAPITAL PROJECT FUNDING BILLS

Capital outlay project requests in recent years have not been introduced as legislative bills, but submitted as “capital outlay requests.” All approved requests are then included in a major capital outlay bill for final passage.

In past years we have reported these requests as we received the printed copies. The legislature will track all capital outlay requests electronically only. Therefore, we are no longer able to report the requests for you as we had in the past. However, the good news is that all requests will be listed on the legislative web site at nmlegis.gov (click on Capital Outlay). Each request is listed under the appropriate county and then alphabetically by title and includes the description of the request along with the dollar amount. Legislative Council Service will be updating the information every Tuesday and Friday evenings so the new introductions will be available for you early on Wednesdays and Saturdays. As always, you can contact your legislators directly to find out when your project will be scheduled for hearing.

BIOGRAPHY 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 (**February 16**).

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 severely 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 dismayed if it seems to sit for a long time in committee, particularly in a tax, finance or appropriations committee. Bills which ask for money or for taxing authority often lie dormant until the last few days of a session and then move with unbelievable speed.

If a bill passes successfully through its committee referrals, it returns to the floor of the house in which it was introduced for floor consideration. If it passes that house, it goes to the other house. However, it may also be tabled, referred again or defeated.

In the second house 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 house for consideration and may from there be referred, tabled, passed or defeated.

If the bill passes the second house and it has been amended or substituted by the second house, the originating house must concur or fail to concur with the changes. If the originating house fails to concur, a conference committee representing both houses is appointed to decide what to present to both houses for acceptance.

A bill that has been passed in some agreed-upon form by both the House and the Senate goes to the Governor for signature. The Governor may choose to sign or to 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 is dead.

Most bills do not reach the Governor's desk before the Legislature adjourns (**Noon, March 18**). The Governor has 20 days following the close of the session (**Noon, April 7**) to sign, veto or fail to sign (*pocket veto*) any bill that he did not act on during the session. Any bill is much more likely to have died in committee or on the floor before even reaching the Governor's desk.

In New Mexico, no more than 1/4 to 1/3 of bills introduced ever make it all the way to enactment. The historic trend in New Mexico is for more and more introductions each succeeding session.

ABBREVIATION CODE

HB	House Bill	SB	Senate Bill
HCR	House Concurrent Resolution	SCR	Senate Concurrent Resolution
HJR	House Joint Resolution	SJR	Senate Joint resolution
HJM	House Joint Memorial	SJM	Senate Joint Memorial
HM	House Memorial	SM	Senate Memorial

* Contains Emergency Clause (effective immediately on Governor's signing)
 CA - Constitutional Amendment (requires approval by statewide electorate)

	HOUSE COMMITTEES	HCW	Committee of the Whole
HAFC	Appropriations and Finance	HEEC	Enrolling and Engrossing
HAWC	Agriculture and Water Resources		
HBIC	Business and Industry	SENATE COMMITTEES	
HCPAC	Consumer and Public Affairs	SCC	Committee's Committee
HEC	Education	SCONC	Conservation
HENRC	Energy, Environment and Natural Resources	SCORC	Corporations and Transportation
HHHC	Health and Human Services	SCW	Committee of the Whole
HJC	Judiciary	SEC	Education
HLEDC	Labor and Economic Development	SFC	Finance
HRC	Rules and Order of Business	SIAC	Indian and Cultural Affairs
HLELC	Local Government, Elections, Land Grant & Cultural Affairs	SJC	Judiciary
HSIVC	State Government, Indian & Veterans Affairs	SPAC	Public Affairs
HTRC	Taxation & Revenue	SRC	Rules
HTPWC	Transportation, Public Works & Capital Improvements		

Legislation Introduced through Wednesday, March 8, 2017

- *CS/HB 527 MEDICAL MARIJUANA CHANGES (Gentry)** Amends §§§§§ 24-6B-11, 26-2B-1, 26-2B-3, 26-2B-4 and 26-2B-7 and enacts new material; the bill adds some provisions to the Lynn and Erin Compassionate Use Act and related acts to: (1) provide guidance regarding notice to local governments when a producer's license is being issued; (2) expand the conditions for which medical cannabis use can be approved; (3) allow workers compensation benefits to cover those uses; (4) clarify that use of medical marijuana cannot be the sole grounds for removal of children from a parent's or guardian's home; (5) add additional definitions; permit medical marijuana users to receive anatomical gifts and protect department of health employees from criminal prosecution for having medical marijuana in compliance with the Lynn and Erin Compassionate Use Act. EMERGENCY CLAUSE. HHHC
- HM 96 FEDERAL FUNDING & BROADBAND STIMULUS FUNDING (Smith)** Same as SM 60. HTPWC
- HM 99 USE OF FUNDS FOR WATERSHED PROJECTS (Ezzell)** The memorial requests the governor to convene meetings of the attorney general and general counsels of agencies that participate in planning or funding watershed restoration projects in New Mexico to develop consistent application of the law governing the use of public funds for watershed restoration projects on lands that protect and maintain the state's water sources. Agencies that should be invited to the meetings are set forth in the memorial, which includes the New Mexico Municipal League and the New Mexico Association of Counties. HAWC
- CS/SB 496 GROSS RECEIPTS TAX ON FOOD ACT** New material creates the Gross Receipts Tax on Food Act; imposes a four percent tax on the sale of food at a retail food stores; exempts receipts that are exempt from the gross receipts tax or may be deducted pursuant to the Gross Receipts and Compensating Tax Act; ends the hold harmless distributions to municipalities and counties; new material makes distributions to municipalities of the new tax on food at 84.37 percent of the tax and a 15.63 percent to counties for those collections in the county that are located in a municipality; reduces the amount of credit provided by the Film Production Tax Credit Act from \$50 million to \$45 million annually; removes the 50 percent deduction for gross receipts from the sale of aircraft or vehicles not required to be registered under the Motor Vehicle Code; 30 percent of the sale of jet fuel may be deducted from gross receipts; a municipality or county that has in effect or will have in effect a hold harmless gross receipts tax as of July 1, 2018 shall by ordinance repeal all increments of the tax by January 1, 2018; if the effect of this Act impairs the ability of a municipality or county to meet principal or interest obligations that are outstanding prior to July 1, 2017 of hold harmless-based bonds, the ordinance imposing the hold harmless tax shall not be deemed repealed until the outstanding revenue bonds have been discharged in full or provision has been fully made therefor; repeals several sections. Effective July 1, 2107 and January 1, 2018. SCORC/SFC