



New Mexico Municipal League

LEGISLATIVE BULLETIN

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A LOT CAN HAPPEN IN A WEEK

We achieved an important – but temporary – win this week when the Senate tax committee voted to remove a moratorium on local governments enacting gross receipts tax increments from a major tax bill. We are encouraged to see support from legislators on this critical issue – the fight now moves to the House. We are also continuing to push heavily for more support for local law enforcement, especially through bills increasing distributions to local police departments from the Law Enforcement Protection Fund. With less than one week remaining before the legislative session adjourns, we are feeling a sense of urgency to make sure our priorities are heard – but a lot can happen in a week!

The discussion on major tax reform continued, with debate on [Senate Bill 5](#) (an omnibus tax bill) in the Senate Tax, Business and Transportation Committee. The “headline” provision of SB5 is a quarter-percent reduction in the state GRT rate. As we expected, a committee substitute version of SB5 also included a provision imposing a five-year moratorium on local GRT enactments. The League is strongly opposed to any proposal that would infringe on local governance and limit the ability of elected officials to plan for and respond to the needs of their constituents – for example, by making it harder for local governments to compete with increased state police salaries. Many of you reached out to legislators to share your concerns and we were pleased to see the committee strip the moratorium provision before passing SB5. Now we must ensure that the moratorium is not included in the House omnibus tax bill (likely to be [House Bill 163](#)).

The latest version of the General Appropriation Act (the House Appropriations and Finance Committee substitute for [House Bill 2](#)) appropriates almost \$8.5 billion in recurring General Fund monies. The bill includes \$8 million for local law enforcement to use for recruitment bonuses, and \$4 million for police training. However, these appropriations are for three years, so funding for training would equate to just over \$300 per year for the roughly 4,000 local law enforcement agents. And while recruitment bonuses are certainly important – and needed – bonuses wouldn’t benefit current officers. The need to support current officers is critical given the nearly 16% raises for state police officers included in the GAA. Local police departments would struggle to compete with increased pay offered by the state police. While the GAA does include \$5 million for retention payments to police officers – contingent on enactment of the Law Enforcement Retention Fund bill ([House Bill 186](#)) – the appropriation is nonrecurring, and officers would only receive payments every five years. We urge legislators to consider ways to ensure more pay equity between state police and local departments, so local police departments don’t lose officers to state police.

The 30-day regular session (Second Session of the 55th Legislature) runs through February 17.

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 legislators’ contact information. You can also check the League’s website (www.nmml.org) for other League information.

See page 3 for a summary of how legislation is passed in New Mexico.

League Priority Legislation

The STBTC substitute for [Senate Bill 137](#) (**Distribute Part of GRT on Services to Munis**) is scheduled to be heard in the Senate Finance Committee on Friday afternoon. The STBTC substitute for SB137 (CS/SB137) provides two years of support for cities that lost revenue due to impacts of destination-based sourcing. The bill creates the “Destination-Based Sourcing Safety Net Fund,” which would provide temporary support to cities that saw gross receipts tax revenue losses of at least 10% during the first half of FY22, as compared to the first half of FY20 – the base year. Cities could receive payments for six-month periods in FY22 and FY23. We are glad that this important bill is moving forward, as it also requires more data gathering on destination-based sourcing sales, allowing cities and policymakers to clearly identify the revenue impacts of destination-based sourcing.

We have had some positive discussions with legislators about the need to increase support for local police departments – in particular, the proposals in [Senate Bill 3](#) and [House Bill 41](#) (Enhancing Death Benefits for Law Enforcement). Both bills increase Law Enforcement Protection Fund distributions to law enforcement agencies, including municipal police departments, and also increase death benefits from \$250,000 to \$1 million for surviving spouses, children, and parents of officers killed in action. While SB3 is waiting on its second hearing and HB41 is waiting on its first, we are continuing to advocate for the bills’ key provisions.

Other Substantive Legislation

- **Junior bill appropriations.** The Senate Finance Committee passed its committee substitute version of [Senate Bill 48](#) (the so-called “junior bill”) that includes special General Fund appropriations for a range of agencies and local governments. See special nonrecurring appropriations for local projects – funded through the Department of Finance and Administration – starting on page 13 of the bill’s fiscal impact [report](#).
- **Capital outlay.** We have still not seen legislative recommendations for local capital outlay projects. Given the amount of money available this year for capital projects, we may see multiple funding vehicles, to include Senate Bill 212, authorizing severance tax bond projects, as well as a bill appropriating General Fund and federal stimulus revenues for capital projects.
- **Court fee flexibility.** [House Bill 81](#) requires courts – including municipal courts – to provide more flexibility for some individuals paying fees, fines, and other costs; for example, by requiring installment payment plans or offering options for community service in lieu of fees and fines. The bill also limits payment of certain costs to one time only for each case resulting in conviction. More analysis is needed on the impact of this bill – it would likely reduce revenues, which could be significant for some courts. Some legislators also cited the need to identify alternative funding streams for courts, in the event that the provisions in HB81 reduce court revenues.

Anatomy 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 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 New Mexico 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 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 – Local Government, 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 – Committee's 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