

Session Summary

There's good news and bad news about the just finished legislative session. First, the good news... there were only 64 bills that passed the NM Legislature and headed to the Governor's desk. The bad news is... wait a minute, there's no bad news (unless one of your favorite bills died).

There were several bills that we were a bit concerned about, including bills that would forbid counties from raising gross receipt taxes (GRT) for five years. With your help (several committee members called to surrender), we were able to stop that provision twice. None of the other bills that were of concern passed. I think most of that came from legislators' (and the Governor's) thoughts about election year politics.

On the plus side, we increased the amount of money coming to counties for housing STATE prisoners from \$2.3 million to \$5 million, and the RISE (Reach, Intervene, Support and Engage) program continues to help several counties improve their jail recidivism rates (to the tune of \$4 million in the Human Services Department budget). We won an opportunity to funnel more money for our Sheriffs' offices through the Law Enforcement Protection Fund and the new law enforcement "retention" fund, but missed a chance to give courthouse renovations a shot in the arm when a \$20 million appropriation in HB 2 was pulled before the bill went to the House floor. In a recent Legislative Finance Committee report, the money just keeps rolling in (\$100 for a barrel of oil has some good aspects), so next year will probably be another good year for budget requests.

There were 624 bills, memorials, and resolutions introduced. Two joint resolutions, House Joint Resolution (HJR) 1 and Senate Joint Resolution (SJR) 3, passed and will be on the ballot in November. There are proposed constitutional amendments, one to require an appointed appellate judge or Supreme Court justice to serve at least one year before they stand for a partisan election (SJR 3), and HJR 1 to expand the scope of items that governments can fund as an express exemption from the anti-donation clause. The 64 bills that ended up on the Governor's desk included HB 2, the state budget bill that is the only constitutional reason to have a session. It was a much more bi-partisan bill than we've seen in the last few years, but the spending increases are pretty remarkable. Overall, the state will spend almost \$8 billion of general fund dollars (a 14% increase over last year). With the federal matches for Medicaid and other programs, the actual budget is over \$16 billion. The state reserves are forecast to be \$2.4 billion, or over 28% of the total general fund budget. There was also a "junior" budget bill (SB 48) that provided half recurring and half non-recurring appropriations for a variety of purposes (\$50 million dollars). Surprisingly, this bill was vetoed by the Governor. Now there are calls for a special or extraordinary session to override the Governor's veto ... stay tuned for more details.

Local governments carefully watch for the capital outlay bills that assist them with infrastructure projects. This year the capital outlay bill (SB 212) allocated over \$827 million for local and state projects. You can search for approved capital outlay projects at nmlegis.gov.

There was a lot of discussion about getting retired employees back to work and reforming Public Employees Retirement Association (PERA), but all those bills died pretty quickly in committee. The Governor was pushing to make New Mexico a "hydrogen hub" to catch some of the several billion dollars the federal government is using as a stimulus for that technology. Those bills failed in dramatic (and lengthy) hearings, but the Governor has committed to work with states in the region to accomplish some

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of the same goals. The environmental movement was pushing for a constitutional amendment (HJR2 and SJR 2), that would create a right to a "clean" environment. The committee hearings covered a variety of concerns, mostly about government's ability to manage this process. These bills have been around for a few years and we can expect them to return next year.

HB 163 was the "omnibus" tax bill for the 2022 session. Every year, tax bills get tabled in both tax committees while the finance committees decide how much they can afford and what to include in the package. The omnibus tax bill is then rolled out at the very end of the session. There are always significant behind the scenes maneuvering in the complicated tax committee dance (not very elegant!). At the very end of the session, the Senate Finance Committee decided it had not been consulted enough and made several substantial changes to the bill. The entire Senate then amended the bill on the Floor to include more of the House provisions. HB 163 was supposed to cost about \$400 million, but the cost to the state will be over \$500 million to account for a one-time tax rebate.

Once again, you all came through for us and called the House Tax Committee members about the provision that would prohibit counties from raising gross receipts taxes for five years. We may not want to raise those taxes, but we felt it was important for that decision to be yours, not the state's. Several committee members informed us that this provision had been removed and to please stop the relentless calls!

One of our initiatives, which was addressed in two memorials (HM 11 and SM 6), asks New Mexico Counties to convene a task force to look at ways of improving jail operations, including regionalization or unification of the prison/jail system under the state. We had great sponsors, and there were some really vibrant committee discussions. Now it is up to us to assemble some great minds to work on this vexing and challenging issue. Finally, HB 219 was one of the surprise bills of the session.

Representative Randall Pettigrew used a "dummy" bill to increase the salary caps for county elected officials. The last time the Legislature increased those caps was in 2018. Unfortunately, HB 219 was pocket vetoed by the Governor.

PASSED LEGISLATION

Courts, Detention & Public Safety

HB 68 Criminal Code Changes

Dixon, Herndon, Matthews

The Governor's bill, HB 68, became the "omnibus" crime bill for the session. Through several committee and floor amendment discussions, HB 68 combined provisions from several bills and contained items like crime reduction grants, funds to help recruit and retain law enforcement officers, increased officer death benefits, more money to local law enforcement agencies through the Law Enforcement Protection Fund and abolish the statute of limitations for second degree murder. **Signed by the Governor**

HM 11 Study on Unified Jail and Prison System SM 6 Study on Unified Jail and Prison System

Cadena, Lane
Neville, Ortiz y Pino

Requests the New Mexico Association of Counties to convene a task force of stakeholders to study the costs, benefits, and feasibility of transitioning the state to a unified jail and prison system. Cites, among other reasons, the waste of time and resources in coordinating 27 separate county-operated adult detention facilities and the lack of effective sharing of medical and behavioral health information among them. The task force includes representatives from the New Mexico Association of Counties, the Corrections Department, and the Administrative Office of the Courts. It is to report findings to the appropriate interim legislative committee by December 1, 2022. Copies to Executive Director of New Mexico Association of Counties, Secretary of Corrections, and the Director of the Administrative Office of the Courts. **Passed in the House & Senate**

General Government

HM 24 Develop Plan to Save Adoptable Cats & Dogs

Alcon

Requests that New Mexico county managers, and other interested parties, convene a task force of stakeholders to develop a comprehensive plan to save healthy adoptable cats and dogs at all shelters and animal welfare facilities. This plan is supposed to be sent to the Legislature by May 1, 2022. Frankly, we thought (and we were told) that House Memorials like this would not be heard or passed this short session. Without funding, or a valid state partnership, we don't think anything will come of this memorial.

Passed in the House

Tax, Finance & Capital Outlay

HB 2 General Appropriation Act of 2022

Lundstrom

HAFC substitute for HB 2 and HB 3 represents the General Appropriation Act of 2022 which is the general funding bill for State Government during fiscal year 2023. A listing of funding amounts for each major budget category in the \$8.47 billion package, which includes a 7% pay raise for teachers, higher education and state employees. HB 2 also establishes new minimum teacher salaries that are \$10,000 higher than the old minimums. From the counties perspective, HB 2 increased our funding for detention facility reimbursements to \$5 million (up from \$2.3 million). Reserves are projected to be about 28% or \$2.4 billion.

Signed by the Governor with line-item vetoes

HB 132 Interest Rates for Certain Loans

Herrera, Egolf, Garratt, Anderson, Ely

After several years of efforts, HB 132 lowers the maximum rate of interest chargeable under the New Mexico Bank Installment Loan Act of 1959 and the New Mexico Small Loan Act of 1955 from 175% to 36%. Increases the upper limit on loans covered by the New Mexico Bank Installment Loan Act of 1959 and New Mexico Small Loan Act of 1955 from \$5,000 to \$10,000 and imposes other restrictions on such loans.

Signed by the Governor

HB 163 Tax Cut Package

Chandler, Martinez, Wirth, Cadena, Padilla

As in previous years, the tax committees combined several tax proposals into one bill. There is a phased-in reduction in the gross receipts tax (.25%), elimination of taxes on social security income for middle and low income taxpayers, rebates to the same taxpayers, a tax credit for nurses, a child tax credit for some taxpayers, a "temporary" exemption for some military retirement pay, and eliminates the GRT on feminine hygiene products. Our initial opposition is related to provisions that would forbid local governments from raising GRT rates for five years. Once those provisions were eliminated, we supported the bill.

Signed by the Governor

HJR 1 Public Assistance for Household Services

Allison, Chandler, Sweetser, Serrato, Lujan

Proposes to amend Art. 9, Sec. 14, of the New Mexico Constitution relating to the Anti-Donation Clause, to allow state funds or resources to be expended for essential household services such as internet, energy, water, wastewater, or other similar services as provided by law. **Signed by Officers of the House & Senate**

SB 212/SB 213 Capital Outlay Projects & Reauthorizations

Rodriguez

Authorizes a total of \$827 million for capital outlay projects statewide, \$681.1 million through issuance of severance tax bonds, \$30 million from General Fund, and \$116.6 million from other state funds. Includes \$47.3 million for state agencies, schools, and local governments, \$390.4 million for projects statewide on behalf of Governor and Legislature (\$130 million each for House, Senate, Governor); and \$30 million for tribal projects statewide. **Signed by the Governor**

FAILED LEGISLATION

Elections

SB 6	Election Security & Administration	Ivey-Soto, Louis, Diamond, Nibert, Lane
SB 8	Voters' Rights Provisions	Wirth, Martínez, Duhigg, Pope, Hamblen
SB 144	Intimidation of Election Workers	Duhigg, Ely

The county clerks worked on and generally supported SB 6 before the session. It passed unanimously in the Senate. SB 144 was originally written to address potential violence of election workers and passed the Senate unanimously. SB 8, the Governor's "voting rights act", was never heard on the floor, so SB 144 was substituted in House Judiciary to include several provisions of SB 6, SB 8 and SB 144. The substitute bill passed the House 39-30, but a filibuster on the last day in the Senate prevented concurrence.

Energy & Environment

HB 4	Hydrogen Hub Development Act	Lundstrom, Small, Martínez, Garcia
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(Governor's bill) Enacts the Hydrogen Hub Development Act to support development projects creating or modifying infrastructure relating to the generation of power and the production, storage, transportation and consumption of hydrogen, including the conversion of methane, natural gas or water and the sequestration of carbon dioxide within distinct geographic areas within which proposed hydrogen hub projects may be approved for grants or loans. Authorizes related income and gross receipts tax credits and declares an emergency.

HJR 2	Environmental Rights (CA)	Ferrary, Lujan, Sedillo Lopez, Chasey, Pope
SJR 2	Environmental Rights (CA)	Sedillo Lopez, Ferrary, Steinborn, Soules, Pope

Adds a section to Article 2 of the Constitution to provide for the inalienable right of people of the state to a clean and healthy environment and to protection of the environment; directs the state to serve as trustee to conserve, protect, and maintain natural resources.

Retirees & PERA

HB 50	Retired Public Employees Return to Work	Anderson, Garcia, Dow
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(Governor's Bill) Permits a retired (as of December 31, 2021) public employee under any coverage plan to return to work for an affiliated public employer, under certain conditions. (Related to 2020 SB94)

Tax, Finance & Capital Outlay

HB 219	Increase Elected County Officials Salaries	Pettigrew, Lord
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Increases the salary caps for elected county officials by 15%. **Vetoed by the Governor**

SB 48	General & Special Appropriations for State Agencies	Munoz
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The Senate Finance Committee Substitute for SB 48 is a 40-page bill (expanded to 71 pages by HAFC) that provides special appropriations for various state agencies in all branches of government, including higher education. Although not always indicated, the opening salvo declares that the appropriations derive from the General Fund and, unless otherwise indicated, are to be expended in fiscal years 2022 and 2023. **Vetoed by the Governor**

SB 116	County Courthouse Buildings Fund	Rodriguez, Griggs
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Creates the County Courthouse Buildings Fund as a nonreverting fund to be administered by the Administrative Office of the Courts for grants to counties to renovate or construct courthouses. Appropriates \$20 million (GF, nonreverting) to the fund for use in FY2023 and subsequent years.

SB 136	Exclude Oil & Gas Services from DBS Rules; Declares Emergency	Kernan, Ingle
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Changes the "destination sourcing" rules back to the old way of doing it, just for oil & gas services.
