

Agenda for Economic Development, Education, Public Safety Greater Albuquerque Chamber of Commerce 53rd Legislature, First Session

THE STATE BUDGET - CLOSING THE FY17 PROJECTED DEFICIT AND PASSING A BALANCED BUDGET FOR FY18

Based on the Consensus Revenue Estimating Group's December 2016 revenue projection, total revenues in FY17 are estimated at \$5.807 B. Current total appropriations for FY17 are \$6.026 B. As a result, a projected deficit of \$219.4 M exists in the current fiscal year and needs to be addressed this session. If no action is taken and revenues materialize as forecast, reserves would be depleted by the end of this fiscal year to -1.1% or -\$69M.

In addition, revenues for FY18 are projected to total \$5.9 B, meaning that the Legislature must also address projected shortfalls for next fiscal year in comparison to current budgeted spending levels.

The Executive and Legislature are proposing somewhat different plans to tackle our state's budget challenges.

The Executive intends to sweep a significant amount of unused money throughout state government, adopt targeted tax reform measures, streamline state-funded health care coverage to reduce duplicative costs, reorganize and combine several agencies of state government, require state employees to contribute a small percentage more to their pensions, make additional base budget cuts in certain agencies and adopt several other government spending reforms. According to the Executive, these changes would bring reserve levels to over 4% of recurring appropriations by the end of FY17 and to nearly 5% in FY18. The Executive's budget proposal does not increase taxes.

The LFC intends to balance FY17 with approximately \$250M in non-recurring sweeps, which is short of the money needed to balance the budget and leave 4% in reserves. This includes cuts of \$22M in "Below the Line" funding and a \$17M cut in LEDA. For FY18, LFC created a "TBD" amount of \$123M which will either come from cuts or tax increases to balance the FY18 budget. No Medicaid funding increase is included unless a tax on healthcare services is enacted.

Support

- Use the December 2016 revenue forecast as a guide for budgeting decisions. Next forecast due early February 2017.
- Collaboratively address the FY17 deficit as early in the legislative session as possible, in order to maximize the amount of time for savings to materialize in the current fiscal year
- Aim for reserve levels of roughly 5%, which is less than the ideal figure of 10%, but more realistic given our current revenue climate
- The Administration and Legislature working together to identify ways to improve efficiencies in the court system and to fund the critical needs of the Judiciary
- Preserve student-centered education reform initiatives, key public safety and child welfare programs and critical economic development incentives that are necessary to grow and diversify the state's private sector

- Provide no targeted or across-the-board compensation increases for state employees
- Close the FY17 projected deficit and adjust spending levels appropriately for FY18 by adopting a number of approaches, including sweeping unused funds throughout government, enacting tax reform measures, closing tax loopholes that do not inhibit the state's economic competitiveness, adopting significant spending reforms, reforming the pension contribution structure for state employees, reducing spending in government agencies and reorganizing government to be less costly and more efficient

Oppose

- Use of the Permanent Fund for purposes not intended
- Reinstatement of the Gross Receipts Tax on food sales

NOTE: The Chamber will entertain a discussion regarding tax increases after all other options have been exhausted, including identifying greater efficiency in government, right-sizing government and closing tax loopholes.

BETTER GOVERNMENT

Support

- Capital Outlay Reform legislation driven by the Legislature and the Governor, which is transparent, objective and primarily focuses on large-scale infrastructure projects. This session provides a unique opportunity to reform New Mexico's Capital Outlay Program, especially because there is limited money (\$60M) available for new capital projects.
- Archive legislative webcasts for floor sessions and all committees
- Ethics legislation to create an independent State Ethics Commission to oversee the conduct of state officers and employees in the Executive and Legislative branches of government, government contractors and lobbyists

STATE ADMINISTRATION REORGANIZATION

Support

- Transferring the Motor Vehicle Department (MVD) from the Taxation and Revenue Department to the Department of Transportation
- Combining the Tax and Revenue Department and the Department of Financial Administration
- Combining the Department of Public Safety, the Department of Homeland Security and Emergency Management

HIGHER EDUCATION

Support

- Codifying in law, the articulation of credits among all institutions of higher education in New Mexico

TOURISM

Support

- Closing the loophole which would eliminate the lodger's tax exemption on rental properties such as AIRBNB

HEALTHCARE

Support

- Full funding of the Medicaid program to include the Administration's recommendation of a \$26M increase. Other funding should be considered contingent on revenue availability.

NEW MEXICO PUBLIC EDUCATION

Support

- Improve third grade reading proficiency beginning in kindergarten to avoid the current situation of having 7,000 third grade students in New Mexico's school districts who cannot read at all, but were still passed on to the fourth grade for the 2016-2017 school year
- Expansion of Anti-Truancy Programs by establishing intervention and suspension of driver's license or permit for habitually truant high school students
- Adjunct Teach Licensure, which allows for content experts to teach in NM public schools on a part-time basis
- Legislative intervention to address APS's perennial low graduation rates, the 77% of students who are not reading at proficient levels and the district's "D" grade for the second consecutive year
- Empower charter schools by extending terms for successful schools, enrolling students without restrictions and expanding access to public funding. Close poor performing charter schools.
- Improve how charter schools are authorized and managed
- Administration recommendation for "Below the Line" funding of \$100M, which represents less than 1% of PED's budget and funds such critical programs as New Mexico Leads to Read (reading coaches, interventionists, parent training, teacher supports), Early Childhood Programs (K-3 Plus, Pre-K), New Mexico Graduates Now, AP programs, STEM initiatives and other intervention programs
- Background checks for all school employees

Oppose

- Moratorium on charter schools
- Cuts in "Below the Line" funding

ECONOMIC DEVELOPMENT

Support

- Right-to-Work
- LEDA funding maintained at \$50M from capital outlay funds
- JTIP funding at \$2M in the base and \$10M in an additional appropriation
- Enterprise Zone Tax Abatement Districts
- Requiring home inspectors to be licensed
- "Employer Responsibility" legislation for worker's compensation
- P3 legislation
- Uniform Employment Act
- Private Solar Consumer Protection legislation
- CPA Firm Mobility legislation
- Universal Service Funding Accountability for broadband networks
- Telecommunications Modernization legislation
- Amending LEDA to allow broadband infrastructure development eligibility for funding

Oppose

Minimum Wage

- Inclusion of minimum wage rates in the state of New Mexico Constitution
- Mandatory automatic increases to the minimum wage rate
- Minimum wage legislation that is not coordinated with the passage of the Uniform Employment Act
- State-run mandatory retirement plan for private employers who do not offer a company retirement plan
- Delay of Corporate Income Tax reductions
- Defective Construction Project: Exception to 10-year Limit to Recover Damages

MARIJUANA LEGISLATION

Support

- Decriminalization for first time possession of one ounce or less of marijuana

Oppose

- The Chamber opposes the legalization of marijuana based on the lack of available data from states that have voted to legalize it. New Mexico should not be an early adopter of legalization of marijuana until more data is available on workforce development issues, child welfare and public health. We will revisit this position on a periodic basis as data becomes available from the early adopter states.

PUBLIC AND CHILD SAFETY

Support

- Return to work for police officers
- Increased penalties for repeat DWI offenders
- Expansion of DWI laws to include "drugged driving", i.e. driving under the influence of marijuana, amphetamines, cocaine, heroin and methamphetamine or their metabolites above specified blood levels
- Expansion of "3 strikes" law
- Curfew ordinances by local government
- Increased penalties for crimes against CYFD workers
- Increased penalties for intentional child abuse resulting in death
- Giving juries the option to impose the death penalty for people who murder Corrections Officers, Police Officers and Children
- Changing copper theft from a misdemeanor to a felony

TAX POLICY

Support

- Fundamental changes in the tax code that make the state a better place to start and grow a business and, which is a simpler and more streamlined tax code that is easier for all New Mexicans to understand and use
- Closing the loophole which would then subject remote sales to Gross Receipts Tax
- Film industry tax credits

CONSTITUTIONAL AMENDMENTS

Oppose

- Additional distributions from Permanent Funds for education
- Reestablishing the State Board of Education
- Permanent Funds distribution increased for early childhood services

Questions? Call:

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