

Legislative Round Up

56th Legislature, Second Session

Friday, January 19, 2024

Day Three

Welcome to the Legislative Roundup, your update on the most important news from the Legislature

Chamber Lays Out 2024 Session Priorities

Today, the Greater Albuquerque Chamber of Commerce Board of Directors voted unanimously to approve its legislative agenda for the 2024 session. Once again, the agenda emphasizes the need for pragmatic investment of record state revenues -- quite literally investment in endowment funds as well as investment in programs that will tackle serious and entrenched problems New Mexicans face daily, from shortcomings in public safety and education to those in workforce and infrastructure.

"Having another year of record revenues means we have another opportunity to make investments that will pay dividends for New Mexicans for years and for generations," said Chamber Chairman Bruce Stidworthy.

Chamber President and CEO Terri Cole added "We're excited to partner with legislators and the governor on laws and appropriations designed to make New Mexico a safer place to live, a better place to get an education and an easier place to start and/or grow a business. Whether you're a New Mexico native or a family or business considering moving here, you deserve that."



Bruce Stidworthy and Terri Cole

The Chamber's legislative session leadership team includes:

Bruce Stidworthy, Chairman of the Board and Bohannon Huston Inc. President and CEO

Terri Cole, President and CEO

Peter Lorenz, Immediate past chair and Unirac CEO

Del Esparza, Chair-elect and Esparza Digital + Advertising President

Sherman McCorkle, Legislative Session and Local Government Advocacy Chair and Sandia

Science and Tech Park Development Corp. Chairman and CEO

Scott Hindman, Public Safety BIG Chair, Excellent Schools New Mexico Executive Director

Doug Majewski, Downtown Transformation BIG Chair, Hartman+Majewski Design Group CEO and Principal Architect

Kelli Mixon, Treasurer, New Mexico Mutual CEO

Del Archuleta, Education BIG Chair, Molzen-Corbin & Associates Chairman of the Board

Read on to review the Chamber's full legislative agenda, or [click here](#) for a downloadable PDF.



Context and Introduction: Revenue and Responsibility

The 2024 legislative session has commenced under continued unprecedented revenue growth in the state; never before have lawmakers and the governor had so much money to spend, save, invest, or return to taxpayers. Recurring revenues for FY25 are projected to exceed \$13 billion, a 36% increase over the FY24 budget (nearly \$3.5 billion in “new money”). For reference, the first budget signed by Gov. Michelle Lujan Grisham allocated just under \$7 billion in recurring general fund revenue in 2019. For the coming year, the governor plans to raise year-over-year state spending by nearly \$1 billion (a 9.9% increase), higher than the Legislative Finance Committee’s (LFC) plan for \$556 million in new recurring spending (a 5.9% increase). Either way, the state is en route to yet another record-sized budget of over \$10 billion. Plenty more will be spent in one-time money, with reserves projected to top 53.3% of recurring appropriations prior to legislative action in the 2024 session. **The revenue boom creates an opportunity to create and seed new endowment funds, allowing investment returns to fund key programs over time, as well as to invest in capital projects that address statewide problems (like public safety) and critical infrastructure needs.**

With great resources comes great responsibility. New Mexico’s broader economy remains on shaky ground, even as inflation is slowing and unemployment is low. The state’s population is not growing, participation in the labor force lags most other states, the economy remains heavily dependent on federal spending and oil and gas production, and workforce shortages plague key industries. Violent crime and fentanyl trafficking continue to threaten the security of employers, employees, and families alike. And, the performance of New Mexico’s public school system is ranked last among states. Strategic, targeted investments are necessary to make headway.

With such an enormous surplus, **the Chamber supports tax relief for families and businesses, and will oppose policies that make it harder or costlier to do**

business in New Mexico. To improve economic competitiveness, the State should fully fund the incentives and initiatives necessary to develop and retain skilled workers, diversify the economy, attract visitors, and recruit new companies. Building sustained growth – within the private sector, specifically – must be the highest economic priority (to the benefit of job creators and workers alike). This includes embracing an “all of the above” approach to energy development and rejecting measures that would make it harder to produce energy.

To address crime, **the Chamber will continue its work to restore balance to our justice system and bring swifter and more certain justice to criminals.** This should include changing the law to keep dangerous defendants behind bars pre-trial; cracking down on fentanyl trafficking and the illegal use of firearms; adding police and prosecutors; strengthening child welfare and protection; and expanding the use of technology – like license plate readers, intelligence centers, cameras, and gunshot detectors – to improve crime-fighting, investigations, and prosecutions.

To improve schools and student learning, **the Chamber encourages lawmakers and the governor to raise principal preparation standards,** including requiring and funding on-the-job residency training; **invest in robust school turnaround initiatives** tied to strong accountability measures; **enhance school board member training;** **create a literacy institute** to deepen our focus on reading performance and proper literacy instruction; **require reading improvement plans for struggling young readers;** **and add financial literacy as a high school graduation requirement.**

With key challenges on our doorstep that impede economic growth, and no shortage of money to address them, **the Chamber urges lawmakers to focus on making wise investments in jobs, schools, infrastructure and safety.**

New Mexico’s State Budget and Fiscal Future

Spending

Priorities: Focus new spending on substantial tax relief for consumers, families, and businesses; boosting economic development initiatives and incentives; state employee salary increases and talent development/ recruitment efforts in key workforce areas – especially health care, public safety, and education; school literacy and school turnaround initiatives, substantially higher Medicaid provider and facility reimbursement rates; tourism marketing; and capital projects.

Salary Increases: Provide salary increases for state workers, including teachers, as well as substantial targeted raises for hard-to-recruit public safety positions, such as police officers, correctional officers, and prosecutors.

Infrastructure Projects: Limit the use of severance tax bonds to finance capital projects, in favor of general funds instead; focus capital spending on large-scale infrastructure projects (roads, water, buildings, etc.) that have a sizable economic impact, address a policy problem, and that local governments often cannot afford themselves.

Saving and Investing

Permanent Fund Infusion: Support staying the course on a three-year plan to infuse the Severance Tax Permanent Fund with excess oil and gas revenues, as passed in Senate Bill 26 from the 2023 legislative session (\$587 million to the STPF in FY 25, \$1.2 billion in FY26, and \$1.6 billion in FY27).

Additional Endowment Funds and Trusts: Create new endowment funds and expendable trusts – and utilize well-planned multi-year appropriations – to establish stable, long-term revenue streams for important programs and services, as well as pilot sound interventions over a multi-year period and monitor results.

Tax Stabilization Reserve and Early Childhood Endowment Fund: Preserve the basic structure of the tax stabilization reserve “rainy day” fund and early childhood endowment

fund, which collect excess oil/gas revenue and provide a strong fiscal safety net for the state budget.

Reserves: Maintain total budget reserves of between 30% and 35% of recurring spending.



Economic Growth and Job Creation

Taxes and Regulations

Substantial Tax Relief for Families and Businesses: Given the state's unprecedented revenue position, focus on providing substantial tax relief to families and businesses, to include things like lower gross receipts tax rates, a reduction in gross receipts tax pyramiding, personal income tax relief – especially for small businesses and the middle class, and tax rebate payments.

Angel Investment Tax Credit: In order to attract additional capital for local early-stage companies, expand and make refundable the Angel Investment Tax Credit.

Tax Increases: Enact no income, gross receipts, alcohol, or capital gains tax increases, given sky-high state revenues.

Higher Costs on Employers: Oppose attempts to impose new regulatory mandates and raise operational costs on businesses in New Mexico, whether in the form of new employee leave requirements, higher taxes, increases to various rates, or additional exposure to lawsuits.

No Increase in Wage/UI Rates: Oppose raising the minimum wage (including indexing the minimum wage rate) and raising unemployment insurance rates.

Paid Family Medical Leave Requirements: Oppose the enactment of an onerous paid family medical leave proposal that would create a new tax on businesses and employees each year, increase the overall cost of labor in New Mexico, add significant cost and burden to employers to find replacement workers (at a time of widespread workforce shortages), and lead to significant workplace disruptions across the economy year after year – affecting employers and employees alike. Instead, consider a more targeted benefit focused on maternity leave for those who have or adopt a child, an approach that would be more predictable for employers, less costly to the state/employers/employees, require a much smaller state bureaucracy to manage, hard to abuse, and beneficial to building strong families and keeping working mothers in the workforce.

Public Bank: Oppose any effort to create a public bank in New Mexico.

Rent Control: Oppose legislation allowing the imposition of rent control at the local level.

Growth: Incentives and Marketing

Job Training and Expansion: Secure \$3 million in non-recurring funding for the Job Training Incentive Program (JTIP), along with \$6.7 million for the JTIP base budget, in alignment with the governor’s recommendation.

Closing Fund (LEDA): Secure a \$25 million special appropriation to maintain a robust closing fund for economic development projects (LEDA), our most critical business recruitment tool, in alignment with the governor’s recommendation.

“New Mexico True” Advertising: Increase funding to the State’s Tourism Department for “New Mexico True” advertising to attract visitors to the state.

Economic Development Marketing: Support the Economic Development Department’s past requests for funding for business recruitment marketing and the New Mexico Partnership.



Energy and Infrastructure

Energy

Oil and Gas Production: Oppose the imposition of onerous regulations (including a ban or moratorium on hydraulic fracturing), additional taxes, or significant new fees on oil and gas production, upon which New Mexico’s budget and economic outlook are heavily dependent. Oppose opening the Oil and Gas Act this session.

Environment Amendment: Oppose a Constitutional amendment relating to a person’s right to clean air, water, and land; this has always been – and remains – an important policy priority, but enacting a new Constitutional right on this subject could likely lead to endless and costly lawsuits that would impact the state’s fiscal and economic health and hamper wise policymaking on energy and environment matters.

Public Utility or Municipal Aggregation: Oppose legislation designed to explore or enact the creation of a public power utility in New Mexico or authorize municipal aggregation.

Infrastructure

Strategic Water Supply: Support the governor's request for \$500 million to create a strategic water reserve (state-purchased, treated produced or brackish water) that will improve the state's drought resilience and be used in the production of clean energy.

Highways and Roads: Appropriate \$200 million or more in new funding for transportation projects, including highway construction and electric vehicle charging infrastructure, in alignment with the governor's recommendation; consider other fiscal approaches to ensure long-term funding is in place for highway projects.

Central Infrastructure Office: Support the creation of a centralized, properly staffed state office to rigorously prioritize public infrastructure projects and help guide them to completion.

Broadband Expansion: Support an increase of up to \$300 million in funding to extend high-speed broadband coverage statewide.

Key capital projects: Secure appropriations for economic development projects in Albuquerque and Bernalillo County, including the Albuquerque rail trail (downtown crossing project at Lomas and path development connecting Old Town to the BioPark, Tingley, and the NHCC) (\$25 million); Rail Yards redevelopment (\$25 million); the North Domingo Baca Aquatic Center; the continued expansion of key segments of Paseo del Norte and surrounding streets; affordable housing projects on two undeveloped properties in Bernalillo County, to include behavioral health programming (\$10 million); and improvements at the Youth Services Center (\$1.5M).



Workforce Development and Higher Education

Opportunity Enterprise Act Funding and Changes: Make workforce housing development a permissible use of Opportunity Enterprise Act funding and secure \$500 million to support targeted workforce housing construction tied to economic development projects.

Technology Enhancement Fund: Grow the Technology Enhancement Fund (at least a \$100 million infusion this year, en route to a \$500 million permanent fund), which provides matching funds to state research universities to support innovative applied research that creates new products and production processes in the fields of agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, water resources, aerospace, telecommunications, manufacturing science, and similar research areas. Grants are available to state research universities that conduct collaborative research with corporate and nonprofit organizations.

Workforce Training and Upskilling: Support an increase of more than \$8 million to CNM for enhanced workforce training programs (alongside industry partners) and direct financial assistance to help people learn new skills and move into new, higher-paying careers.

Workforce Development Facilities: Support a \$10 million capital request to complete the construction of a new CNM facility for entrepreneurial growth in Albuquerque, as well as an \$11 million CNM request to build a Rio Rancho Career Technical Education Center for secondary and post-secondary students in high-demand fields.

Health Care Workforce Expansion: Support several initiatives – including statutory changes and appropriations – designed to grow New Mexico’s health care workforce and make our state a more welcoming, hospitable, and financially viable place to practice medicine.

- Support the “New Mexico Healthcare Delivery and Access Act,” a proposal of the N.M. Hospital Association and N.M. Medical Society that would create robust, sustainable Medicaid reimbursement rates for the state’s rural and urban hospitals. The proposal involves adding a new tax paid by hospitals to help maximize federal matching funds, as well as the establishment of an expendable trust fund of invested general fund dollars for future Medicaid rate stabilization.
- Support a proposal of the N.M. Hospital Association and N.M. Medical Society to create a health workforce dashboard that provides a comprehensive snapshot of the current healthcare workforce supply and demand, identifying gaps and opportunities and informing future private and public workforce development funding.
- Support Medicaid reimbursement rate increases for primary care and mental health providers to 150% of Medicare rates.
- Support increased funding to the patient compensation fund – \$46 million, in alignment with the LFC’s recommendation – to provide adequate medical malpractice protection to health care providers.
- Support full funding of New Mexico’s health worker loan repayment fund (\$30 million).
- Support a 7.5% salary increase for medical residents at UNM, as well as the establishment of an endowment fund to assist with the recruitment and retention of faculty, residents, and hospital staff at UNM and other related workforce challenges.
- Support a \$5.7 million appropriation to hire 21 new faculty and provide raises for existing faculty at the new School of Public Health at UNM (to date, the Legislature has appropriated funding for the first two years; sustainable funding is needed).
- Oppose attempts to push private health insurers out of the health care system, in favor of costly and additional government involvement and control at the state level.
- Oppose additional health coverage mandates that lead to higher health insurance costs, higher out-of-pocket costs for individuals, and various other unintended consequences; any additional mandates should be qualified and actuarially sound.

UNM Health Sciences Center Capital Requests: Support \$91M in capital requests for UNM Health Sciences Center priorities, including the College of Pharmacy Renovation, Health Sciences Center Network Upgrade, UNM Comprehensive Cancer Center CT Simulator Replacement and Cancer Center Expansion Supplemental Funding.

UNM’S New Mexico Project ECHO/College of Education and Human Services Request: Support a \$5.6 million request from the University of New Mexico’s Project ECHO program and the UNM College of Education and Human Sciences to build and sustain educators across their career. The proposal would enhance and evaluate primary and secondary education toward improving student achievement with a literary focus.

Lottery and Opportunity Scholarships: Ensure sustainable funding is in place for the Lottery and Opportunity scholarships.



Public Safety and Behavioral Health

Pre-Trial Release, Justice System Reforms and Criminal Penalties

Rebuttable Presumption of Pre-Trial Detention: Change New Mexico law to presume that a person arrested for violent or other serious crimes is a danger to the public and should be held in jail prior to his/her trial, unless the defendant can convince the judge in the case that he/she would not, in fact, pose a threat to public safety if released. Covered crimes should include, at a minimum, serious violent offenses; felonies involving the use of a firearm; felonies involving great bodily harm; and felonies committed by repeat offenders or those on court-ordered supervision. Additionally, support reasonable improvements to the assessment tool used by judges to provide guidance on pre-trial release/detention decisions; the tool consistently underestimates the dangerousness of criminal defendants.

Violation of Pre-Trial Release Conditions: Support legislation requiring the judicial system to deal more stringently with those who commit new criminal offenses or ignore court orders while on pre-trial release.

Fentanyl: Support legislation increasing penalties for those who traffic fentanyl in New Mexico, and support appropriations designed to raise awareness of the dangers of fentanyl to young people, in particular.

Juvenile Justice Interventions: Require stronger juvenile justice interventions for children who bring a gun to school or are otherwise found to be possessing or using firearms.

New Mexico's Racketeering Act: In order to contend with illegal firearm trafficking, enhance New Mexico's Racketeering Act to include gun crimes as predicate offenses.

Illegal Firearm Possession and Use: Increase penalties for the illegal possession and use of firearms and create a third-degree felony crime for the unlawful carrying of a firearm while trafficking drugs.

Behavioral Health Funding and Services: Support efforts by the attorney general, governor or Legislature to establish or strengthen the coherence and reliability of funding for behavioral health services and trauma intervention (especially with children and young adults), as well as streamline the regulatory environment for these services.

Additional Officers and Prosecutors, Technology, Equipment and Facilities

Governor's Organized Crime Commission: Secure \$5 million in recurring funding to properly staff and equip the Governor's Organized Crime Commission, which works to suppress

organized crime in the areas of human trafficking, drug trafficking, gun smuggling and retail theft, including a centralized intelligence center to support the entire state.

More Prosecutors in Albuquerque: Support the Bernalillo County District Attorney's budget requests (\$3 million supplemental + \$4.8 million appropriation for FY25) to hire the additional prosecutors and support staff necessary to reduce caseloads and more effectively prosecute cases.

Crime-Gun Intelligence Center: Support the attorney general's request for funding to establish a state-level Crime-Gun Intelligence Center, which will use technology to match spent bullet casings to the guns that fired them and connect these firearms to criminal incidents, perpetrators, and networks across the state.

Public Safety Recruitment and Retention: Support additional funding for the recruitment and retention of police officers, correctional officers, firefighters, and EMTs statewide.

Return to Work: Allow police officers – and potentially other justice system workers, including prosecutors – to retire, collect their pensions, and return to public work under certain conditions.

BCSO Search and Rescue: Support funding for BCSO Metro Air Support staff for search and rescue (\$750,000).

Local Public Safety Technology, Equipment, and Facilities: Support local APD law enforcement agency funding requests for the expansion of the Real Time Crime Center (\$20 million); critical crime-fighting technology including a network of street cameras, license plate readers, and gunshot detectors (\$20 million); new technology for the city's violent crime investigative units, including drone technology (\$1.2 million); vehicles and equipment for the 24/7 operation of the Albuquerque Community Safety Department (\$1 million); and a new APD helicopter (\$9 million). Support BCSO funding requests for new police vehicles (\$2 million); a command post for crisis negotiations (\$1 million); and a package of crime-fighting technology (\$1 million).

State Public Safety Capital Investments: Support state funding requests for critical improvements to statewide public safety radio communications (\$26 million) and law enforcement vehicles (\$7 million).



K-12 Education

Student Learning and Support

Financial Literacy Course Requirement: Require New Mexico high schoolers to take a standalone financial literacy course for high school graduation.

School Turnaround Funding Requests: Support the administration's intention to focus additional funding and interventions on turning around the state's lowest-performing schools; ensure strong accountability exists in the turnaround process.

Chronic Absenteeism/Dropout Prevention: Support investments in chronic absenteeism interventions and dropout prevention.

Charter Schools: Oppose measures that would limit or stop charter schools' opening, expansion, or replication, or limit student enrollment in charter schools. Provide certainty in state statute for the mandatory provision of lease assistance funding for charter school facilities and increase funding for the charter school facility revolving loan fund. And, support legislation that specifically allows authorizers to reduce the amount of SEG they withhold from charter schools and provides more transparency for how those funds are spent.

Student Literacy: Support the governor's proposal to establish a Literacy Institute (\$30 million), secure at least \$10 million for the provision of high-quality reading materials to districts statewide, and require schools to put individual reading plans in place for struggling readers.

Improve the Public's Understanding of Student Performance: Increase transparency around school performance through an improved public dashboard that displays student performance data in an easily-understood format and uses plain language, to enable parents to understand their area's schools' performance and make informed decisions about students' education.

Hard-to-Recruit Teacher Positions: Provide funding to districts for differential pay increases for hard-to-recruit teaching positions, as well as annual stipends for special education teachers and assistants.

Career Technical Education: Support increased investment in career technical education programming in schools across New Mexico, including proposals that would provide financial incentives to districts and students for earning credentials that could help young people start careers.

Leadership: Teacher, Principal, and School Board Training and Development

Teacher and Principal Residencies: Support greater and more stable funding for residencies to give teachers and principals high-quality on-the-job training, including the administration's request for \$23 million for an educator fellowship program to give aspiring teachers real-world experience in the classroom, even those pursuing non-teaching degrees and seeking alternative licensure.

School Leadership Development: Raise the standards for principal preparation in New Mexico, in alignment with best practices; improve school leadership development by adding requirements for full-time, high quality principal residencies; and, transfer the defunct School Leadership Institute to PED to oversee school and district leadership development.

Professionalization of School Boards: Enact higher standards for school board members, including training that covers financial and legal topics, role of local school boards in improving student academic performance, require that board meetings be webcast, and more transparency with campaign reporting.

And the Session (and Interim) Is Paid For!



Majority Leader Gail Chasey, right, answers questions during the feed bill debate.

On Wednesday, after a protracted floor debate, the House sent HB 1, the annual "feed bill" to the Senate on a vote of 52-14, many Republicans voting no. Being Majority Leader in the House has its benefits, but maybe having to sponsor the annual feed bill isn't one of them. Nevertheless, Majority Leader Gail Chasey (D-Bernalillo), with the very able assistance of Raul Burciaga (Director of Legislative Council Services) fielded one question after another about the measure that funds the operations of the Legislature both while in session and during the interim study period. In total, the price tag in HB 1 is about \$41 million - \$7 million for the session and \$34 million for the interim. The money is largely spent on staff, both full and part time, along with per diem for legislators, travel costs, maintenance of the capitol and information technology.

So what's the basis of opposition? Some feel that the legislative budget is growing too much. For example, compared to the last 30 day session in 2022, the budget has increased from \$4.3 million to a tad over \$7 million. That's something like a 60% increase. The amount for the interim period has increased from \$21 million to \$34 million. You do the math. And the reason? Overall government spending is growing exponentially so more staff is needed to provide more oversight. Consider that health care expenditures, largely driven by Medicaid costs, will reach something around \$14 billion in the coming fiscal year when federal and state funds are combined! That's more than the entire general fund appropriation (\$13 billion) for all state agencies. Some members argued that the goal of the LFC is to hold total state spending growth to 5-6% in the next fiscal year and the Legislature should follow suit with its own budget. Others argue that the Legislature must have highly professional staff in order to ensure that taxpayer funds are being spent wisely and that measurable outcomes are achieved. They contend that current staff levels are inadequate to achieve those goals.

Despite the opposition, the bill made it out of committee with a Do Pass recommendation, then quickly got a 52-13 House floor vote. Perhaps driven by the gust of a lot of new money, over on the Senate floor, the bill sailed through on a 36-0 vote, garnering absolutely no debate when Sen. George Muñoz (D-Cibola, McKinley, San Juan) brought up the bill. It's now on its way to the governor for her signature.

Singing for your supper?



We've all heard of singing for our suppers, but how about tromboning for capital outlay? On Wednesday, the New Mexico Philharmonic orchestra was honored by the House, which, in turn was treated to a trombone solo of the Tommy Dorsey classic, "Sentimental Over You." The orchestra is hoping their vibes will create a perfect harmony for their cause - \$25 million in capital outlay funds to build a performing arts center. The solo's a great start, but for that kind of moolah, maybe bring the whole orchestra!

And speaking of singing...



Rep. Art De La Cruz (D-Bernalillo) introduced the Mariachi Estrella group, consisting of eighth- and ninth-grade students from Santa Fe. To date, they take the blue ribbon for performances - great music and wonderful voices! The mariachis are sponsored by the Atrisco companies, an offshoot of the Atrisco Land Grant, which also sponsors the annual Mariachi Spectacular performance. The goal of the organization is to build an international Mariachi Hall of Fame over the next few years. These youngsters should be among the first to be inducted!

Signing Off from Santa Fe



As you can see, the Chamber has established a comprehensive and busy agenda for the session, which has just concluded its first week. Like a large freight train, the start of a session is always slow as the engine strains to move the heavy load forward. But very quickly momentum is built, and the juggernaut forges ahead, leading to a frantic rush at the end of 30 days. Expect to see that momentum pick up next week when committees deliberate bills and move them forward, either to subsequent committees or the floor. We're ready to cover all the action and bring you the news and views of the daily happenings. Until then, enjoy the playoffs and have a wonderful weekend.

The Legislative Roundup, published during the New Mexico Legislative Session by the Greater Albuquerque Chamber of Commerce, provides information on local and state public policy and business issues that affect you.

For questions, please email D'Val Westphal at dwestphal@greaterabq.com.



Working to make our city and state a great place to start and grow a business and a safe, exciting place to work and raise a family.

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