

Greater Albuquerque Chamber of Commerce

Legislative Round Up

56th Legislature, Second Session

Tuesday, January 30, 2024

Day Fourteen

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



It Takes a Village to Build More Housing

That turn of a phrase is at the core of House Bill 195, short title Housing Fund and Changes, sponsored by Rep. Linda Serrato (D-Santa Fe) and Reps. Meredith A. Dixon and Joy Garratt and Sen. Michael Padilla (all D-Bernalillo).

Serrato and Dixon presented the bill in the House Consumer and Public Affairs Committee this evening. Serrato explained it builds on the 2022 legislation she and Dixon co-sponsored that

created a similar program to rehab and build commercial projects. That program, the Opportunity Enterprise Act, drew 33 applications (42 percent from rural areas) and now has seven projects in the pipeline – everything from breweries to restaurants to entrepreneurs. And while the housing component had been removed to make that legislation more manageable, the sponsors and their expert witness from the New Mexico Finance Authority testified with the commercial program up and running, it's time to incorporate housing back in.

The sponsors, their expert and the in-person and online audience all focused on the lack of housing, especially affordable housing, in the state, and Dixon said this program is specifically designed “to help increase the production of housing.”

Representatives of Bernalillo County, realtors and builders all testified in support of the bill, and explained it is an essential piece to address the "gap funding" in building affordable and workforce housing. (Serrato said HB 195 has a \$75 million appropriation.)

D'Val Westphal, Executive Vice President of Policy and Programs for the Greater Albuquerque Chamber of Commerce, testified in support of HB 195, stating:

“We're all too aware of the housing shortage in New Mexico – especially affordable housing. This bill is all about:

- 1. Partnering with the private sector to create and expand affordable and workforce housing*
- 2. Providing a mechanism to make loans of up to 40 years to development partners*
- 3. Beefing up the oversight board with the Executive Director of NMFA and two gubernatorial appointees with experience in housing, building or development*
- 4. And expanding that board's powers to include evaluating partners and projects for suitability for assistance.*

And there is plenty of oversight built in; the renamed Opportunity Enterprise and Housing Development Review Board will report to the governor, Legislature, LFC, NMFA Oversight Committee, Revenue Stabilization and Tax Policy Committee and more with details including the total number of affordable and workforce development housing units it's supported. We need more housing, and encouraging partnerships with the private sector to get it is a win-win.”

There was zero testimony in opposition, and the most pointed questions from the committee came from Rep. John Block (R-Otero), who voiced concerns about rural areas being left out. The sponsors emphasized rural and frontier applicants are awarded more points when projects are being considered. Rep. Stefani Lord (R-Bernalillo and Torrance) also questioned the level of outreach to ensure builders in counties like Torrance have the information they need to apply. NMFA shared it and the Economic Development Department have been talking with real estate groups, chambers of commerce and economic development officials to get the word out on the commercial program.

The bill passed on a 4-2 party-line vote, with Block and Lord voting against the Do Pass, and Lord explaining she wanted to gather more information and may change her mind down the road. HB 195 is now headed to House Appropriations and Finance, where we hope it builds on this success and gets to the governor's desk.



Another Day, Another Anti-Crime Bill Tabled

We've all read the headlines and heard the data points, of repeat offenders arrested with weapon. And many of us wonder why the risk-reward ratio doesn't work in favor of innocent New Mexicans who come up against a criminal with a gun.

Look no further than how hard it is to increase penalties for being a felon in possession of a firearm.

On Saturday, an important public safety bill, HB 198, sponsored by Dayan Hochman-Vigil (D-Bernalillo) that would have increased penalties for felons found in possession of a firearm was tabled, after virtually no discussion, by the House Consumer and Public Affairs Committee.

On Tuesday it was déjà vu in that committee all over again.

Rep. William "Bill" R. Rehm (R-Bernalillo), is a retired Albuquerque police officer and Bernalillo County sheriff's captain. He testified Tuesday that his House Bill 46, co-sponsored by Reps. Harlan Vincent (R-Lincoln and Otero) and Andrea Reeb (R-Chaves, Curry and Roosevelt), would address the top two problems the Bernalillo County District Attorney's Office says are behind our violent crime problem: felons re-offending with a gun, and guns being used in drug deals.

The bill increases the penalties for first and subsequent felon-in-possession offenses, and it aligns New Mexico statute with federal law – did you know that right now after 10 years felons can possess a firearm under state law, and so if caught they are prosecuted at the federal level?

Opponents including the New Mexico Office of the Public Defender testified that increased sentences do not reduce crime, and merely possessing a firearm does not present the same threat as brandishing or using it. Retired APD Capt. Larry Sonntag testified in favor of the bill, saying the number of drug and gun crimes here are out of control and enhanced penalties are the way to address it.

D'Val Westphal testified again for the Chamber:

"Especially given our communities' horrific gun violence crime problem, HB 46 is an overdue, common-sense piece of legislation. This is about sending a clear message to potential repeat offenders that enough is enough.

This bill increases the penalty for felon in possession of a firearm by two years, and it makes subsequent offenses a second-degree felony with a nine-year sentence. And it removes the language that essentially says "wait 10 years and you're no longer a felon in New Mexico, so go ahead, pick up a gun with impunity."

Honest, law-abiding New Mexicans are tired of hearing that living a life of crime is dangerous and those who have committed assaults, batteries, rapes, murders and the like need to arm themselves. This change should make those who have been on the wrong side of the law think

long and hard about picking up, much less using, a gun.”

Rep. Andrea Romero (D-Santa Fe) echoed her fellow Democrats on the committee when she said lawmakers have “raised penalties time and again and are seeing the same results. It’s not changing outcomes.” Rehm explained the increases have been small, and real penalty increases are needed to get criminals’ attention.

The bill was then tabled. Like we said, déjà vu all over again.



Groundhog Day, Already? Senate Passes Bill To Backtrack to Old School Board Structure

A proposal to replace the Secretary of Public Education and the Public Education Commission with a state board of education got one step closer to the voters today. The Senate passed Senate Joint Resolution 9 on a 36-1 vote after a number of legislators on both sides of the aisle took nearly 45 minutes to raise their concerns.

SJR 9, sponsored by Sens. Steven Neville (R-San Juan) and Bill Soules (D-Doña Ana), would create a board of 15 elected and appointed members that would be responsible for hiring a state superintendent of education and determining public school and vocational education policy. This body would also be set over local school districts, approving their budget and other required district-wide plans.

Neville emphasized the stability this switch will bring, pointing to the four secretaries PED has had during this administration alone. But if we’re looking for stability, this isn’t the way.

For starters, it’s unlikely that 15 individuals, some elected, some appointed, serving six-year terms offers more consistency (or accountability) than a single Cabinet secretary and the governor who appointed him or her. Instead, this structure is guaranteed to inject even more politics into our education system. Minority whip Craig Brandt (R-Sandoval) characterized recent years in state decision-making as a “partisan battle over education.” But unfortunately, an entity with an elected membership is only likely to further politicize policy making. Members will be more incentivized to focus on pleasing their constituency and their political party than serving all of our state’s students – and every six years when a board member’s term is up, their attention will shift to campaign strategies to win their election, instead of innovative ways to close achievement gaps.

Instead, Sen. Bill Tallman (D-Bernalillo) pointed out that leadership is what really determines success: “Good management trumps organization,” he told the Senate. We agree – it’s people and their skills that make a real difference, not the org chart. Right now, there are bills that seek to strengthen our school and district leadership already up for consideration. Senate Bill 137 would provide local school boards and governing bodies of charter schools with more relevant training; HB 22 would set new standards for principal leadership programs to help us grow talent

right in our backyard for leading our schools, districts and state education work.

Sen. Shannon Pinto (D-McKinley and San Juan) summed it up well in her comments. “I think we need to be innovative. We need to move forward.” “I don’t think implementing something that was there before is going to really move education forward.” Sadly, Pinto was the only dissenting vote this afternoon. The bill passed 36-1.

Our kids deserve more than a rocky return to a system voters agreed didn’t work more than 20 years ago. And there’s no doubt the transition will be difficult – and resource-intensive. Let’s put those resources toward policies and programs proven to work here in New Mexico or elsewhere.



The Right RX for Rural Health Care Providers

When a tax wonk and a registered nurse put their heads together, you can be sure they have worked out many of the angles needed to give health care providers a fair, yet enticing, financial incentive to practice in our state’s rural areas.

And Reps. Jason Harper (R-Sandoval), a research engineer and Roundhouse tax reform veteran, and Jenifer Jones (R-Doña Ana, Hidalgo and Luna), a registered nurse, have done just that with their House Bill 218.

There is no question New Mexico needs more of those providers – general practitioners and specialists, PAs, RNs, LPNs, LVNs, medical assistants, etc. Some of the answer lies in HB 218, which takes a more realistic look at the shifts these professionals work and better matches their hours with the \$3,000 to \$5,000 tax credit.

Harper explained to members of the House Rural Development, Land Grants And Cultural Affairs Committee this morning that the bill adjusts language in the already existing tax credit for rural providers to align with real-life work shifts (many nurses for example, work three 12-hour shifts, not 40 hours a week; and many doctors need to take days off for illness or even a vacation). It also aligns the definition of “rural” with the federal definition – that’s important, as we’ll explain in a minute.

Chamber Executive Vice President D’Val Westphal testified that under the new language, regarding rural medical providers who go for the tax credit:

“Will they be working fewer hours? Yes. Will part-timers be tempted to go full-time to get the bigger credit? Tax and Rev says yes. And will more health care professionals be encouraged to practice in rural areas? Again, Tax and Rev says yes. This promises to be a win-win for

providers and the communities they will care for.”

All in-person and online testimony was in favor of the changes, emphasizing it will help recruit medical providers. The New Mexico Medical Society representative echoed Harper’s explanation of real-world nursing shifts and said her group worked with Jones to identify that problem and this solution in the tax credit. She also pointed out the adjusted definition of rural will no longer exclude providers in counties that can be classified as both urban and rural, like San Juan. And a representative of myriad providers added that adjusting the language will mean more providers who live in urban areas adjacent to rural ones will be able to provide care in that rural area but still go home to their urban neighborhood and qualify for the tax credit.

Chair Rep. Kristina Ortez (D-Taos) commented that the bill seemed “so familiar.” Harper explained the legislation mirrors language the governor line-item vetoed out of the tax package last year. And Rep. Jimmy G. Mason (R-Chaves, Eddy and Lea) spoke for much of the state when he pointed out lawmakers need to do “whatever we can do to up our health care ... for all of New Mexico ... to make it more friendly for them to come here.”

His colleagues agreed; HB 218 got a unanimous Do Pass vote and is headed to House Taxation and Revenue. As the discussion wrapped up, Harper told the committee he’s “hoping this is the year.”

So are we.



Armed Forces Retirement Pay Exemption Gets OK

Senate Bill 125, sponsored by Sen. William Burt (R-Chaves, Lincoln and Otero) would remove the sunset date on the armed forces retirement pay income tax exemption currently in effect through tax year 2026. With this change, this exemption would remain at \$30 thousand of retirement pay per armed forces retiree starting in taxable year 2024. This bill also adds surviving spouses of armed forces retirees to this exemption.

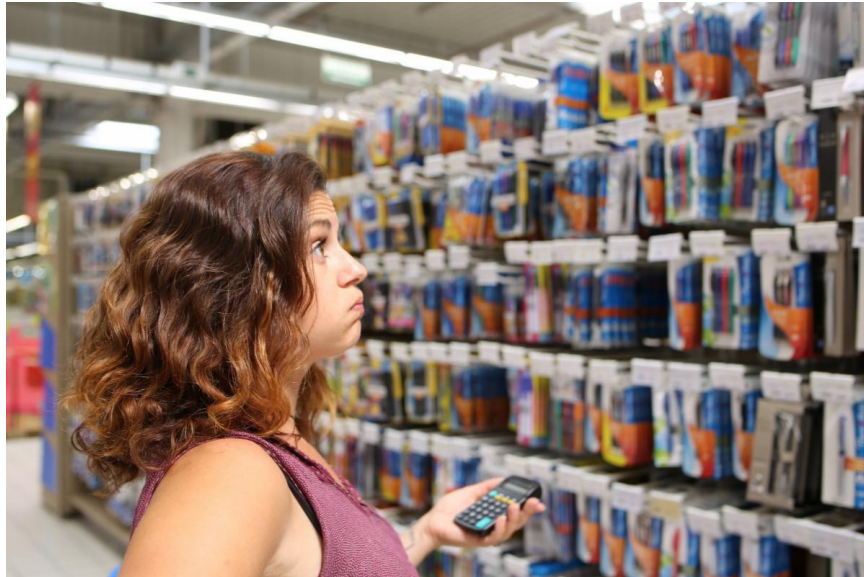
The bill was given a unanimous 7-0 Do Pass recommendation by the Senate Tax, Business and Transportation Committee. SB 125 is very similar to legislation last year that was rolled into the omnibus tax package, much of which was vetoed by the governor. Her Veteran Affairs Department was on hand to support the bill - so maybe this year, veterans will get this much-deserved benefit.

The committee moved very quickly as they had a long agenda and, in prepared testimony, GACC President and CEO Terri Cole shared:

"Our state is blessed to have significant military bases that contribute so much to our economy and our communities. Through their service here, many members of the military see New Mexico

as a very desirable place to retire. We should encourage them to do so - they bring tremendous skills and experience to our workforce, and they're the kind of people who will give back to the communities. However, choosing a place to retire is heavily influenced by the cost of living, including taxes. The great majority of states offer some kind of favorable income tax treatment for military retiree pay. We have done so as well, and we shouldn't let that benefit expire. Please approve SB 125 - it's a great way to say "Thank You for Your Service."

The next stop for the bill is the Senate Finance Committee.



Teacher Tax Credit for Supplies Moves Forward

Senate Bill 171, sponsored by Sen. Craig Brandt (R-Sandoval), creates an income tax deduction for school supplies purchased by a public school teacher of up to \$500 in tax year 2024 and \$1,000 in tax years 2025 through 2028. The school supplies must be used for educational uses in the teacher's classroom and by the teacher's students. Like SB 125, the bill was given a unanimous 7-0 Do Pass recommendation by the Senate Tax, Business and Transportation Committee; the measure is identical to one vetoed by the governor last year.

In prepared testimony, GACC President and CEO Terri Cole outlined the Chamber's support for this measure:

"I'm sure you'll all agree that what we love most about our New Mexico teachers is their dedication to their students. They want to see them do well, and nearly all of them are willing to dig deep into their own pockets to buy supplies that bring interest and joy to their kiddos. They really shouldn't have to do that, and we should help them out with a tax credit that costs the state treasury a pittance. According to the NEA, teachers spend between \$500 and \$750 out of pocket, but inflation has caused school supplies to jump 24% in recent years - so it makes sense to increase the credit to \$1,000. They care; let's show them we care, too."

The Senate Finance Committee will consider the bill next.

Around the Roundhouse



Leadership Albuquerque Visits the Roundhouse

In other news, the Leadership Albuquerque Class of 2024 traveled up to Santa Fe to see our state's lawmaking process in action. In a committee room at the State Capitol, the class heard from legislative staff about how the Legislature works and what the state's historic budget surplus means for New Mexico. Next, the group visited the governor's Cabinet Room for an overview of the governor's priorities for this session; later, they listened to a panel discussion on what it means to be a lobbyist. Then, the participants were set free to sit in on legislative committee hearings of their choice.

This afternoon, the class heard from Alan Webber, the Mayor of Santa Fe, before heading to the New Mexico Supreme Court for a tour and a meeting with the chief justice. On the bus ride home, the class turned to local government for a discussion on the ways the city of Albuquerque and Bernalillo County overlap.

As always, thanks to our class for their thoughtful and enthusiastic participation throughout the day. Thanks to our speakers as well – this is the busiest time of year for them, and they were gracious to find the time to share their expertise. We'll see the Class of 2024 at our next program day next month!



It's Great To Be Green

I pledge...

my **head** to clearer thinking,
my **heart** to greater loyalty,
my **hands** to larger service, and
my **health** to better living for
my **club**, my **community**,
my **country**, and my **world**.

Today was 4-H Day at the Capitol. Green coats swarmed the halls and chambers. 4-H is the largest youth development program in the world and teaches valuable life skills. There are active clubs in both urban and rural parts of the state as the program goes far beyond raising livestock to include computer skills, public speaking and a special focus on leadership development.

The 4-H pledge (above) establishes aspirational goals from which we can all benefit.

Don't Park Your EV at the Land Office

According to Sen. George Muñoz (D-Cibola, McKinley and San Juan), the first hour of charging your EV is free at the State Land Office. After that? \$25 a minute. Gadzooks! As chair of the Senate Finance Committee, Munoz was asking Lieutenant Governor Howie Morales, an EV pioneer, whether he needs a special appropriation! All in good fun, of course. Wait for it. The Senate got a real charge out of it.

Signing Off from Santa Fe



Tomorrow is the last day for bill introduction, which also marks the halfway mark of the 30-day session. To date, there have been 558 bills introduced, but that doesn't include the ones introduced today. Of course, we'll be there to bring you all the news and views and important developments. Stay tuned. Until tomorrow, thanks for joining us and have a very pleasant good evening.

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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