

Legislative RoundUp

56th Legislature, Second Session

Monday, February 5, 2024

Day Twenty

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

In Committees



Senate PFMLA Bill Heads to Senate Floor

On Saturday morning, the Senate Finance Committee voted 6-5 to send Senate Bill 3, sponsored by Senate President Pro Tempore Mimi Stewart (D-Bernalillo), to the Senate floor for consideration.

SB 3 is better known as the Paid Family Medical Leave Act. Co-sponsors are Reps. Christine Chandler (D-Los Alamos, Sandoval and Santa Fe), Linda Serrato (D-Santa Fe) and Patricia Roybal Caballero (D-Bernalillo).

Those voting in favor of advancing the bill were: Sens. Pete Campos (D-Colfax, Guadalupe, Harding, Mora, Quay, San Miguel and Taos); Bobby Gonzales (D-Los Alamos, Rio Arriba, Santa Fe and Taos); Siah Correa Hemphill (D-Catron, Grant and Socorro); Michael Padilla (D-Bernalillo); Jeff Steinborn (D-Doña Ana); and Nancy Rodriguez (D-Santa Fe).

Those voting in opposition were: Sens. William Burt (R-Chaves, Lincoln and Otero); Crystal Diamond Brantley (R-Dona Ana, Hidalgo, Luna and Sierra); William Sharer (R-San Juan); Pat Woods (R-Curry, Quay and Union); and Chairman George Munoz (D-Cibola, McKinley and San Juan).

SB 3 is a mirror image of HB 6, which may be heard this week in the House Commerce and Economic Development Committee. The Chamber is strongly opposed to both measures, which seek to provide 12 weeks of paid leave to nearly all government and private-sector employees by imposing nearly a quarter billion dollars of new taxes on both employers and employees.



In Saturday's hearing, Chamber President and CEO Terri Cole identified the Chamber's objections to the legislation in her in-person testimony:

"Mr. Chair and members of the committee. I'm Terri Cole, President and CEO of the Greater Albuquerque Chamber of Commerce.

"Despite the many cordial conversations Senator Stewart and I have had on this bill, and with all due respect, I'm here today in opposition to SB3.

"Here are our business concerns:

- It imposes a new tax on employers and employees that could escalate and create continuing fiscal challenges.*
 - The bill needs more guardrails to make abuse more unlikely.*
 - And, it harms small businesses by allowing so much leave, every year, for such a broad range of purposes and circumstances. Absorbing vacancies, finding temp employees - it's small employers who will suffer. New Mexico's economy becomes more corporate and less unique.*
- "A different approach – focusing on maternity leave to support mothers and keep them in the workforce, is better on all three fronts: lower cost, impossible to abuse, and easy for businesses to plan for. Thank you."*

The big question, of course, where from here? From our perspective, the House Commerce and Economic Development committee is the last hope for either holding this bill for the next year's 60-day session (our preference) or scaling the scope of the legislation to something much less financially risky, more manageable and less burdensome to employers and employees alike as mentioned above. Right now SB 3 and SB 6 are, at this point, like a "Hail Mary" pass - dramatic but rarely successful. There has to be a better game plan.



House Rolls Out Omnibus Tax Bill

This morning, Rep. Derrick Lente (D-Rio Arriba, Sandoval and San Juan), chairman of the House Taxation and Revenue Committee, brought back his House Bill 252, titled "Adjust Income Brackets," as the anchor for the House's omnibus tax bill.

The substitute bill includes several components the Chamber heartily supports: HB 252, Personal Income Tax bracket reform; HB 83, the Angel Tax Credit; and HB 163, the Rural Health Care Practitioner Tax Credit.

Up for debate are HB 216's flat corporate tax and single sales factor. And one piece that's a non-starter for business and wealth-creators: HB 37's capital gains limitations.

Let's talk about good news first.

Positives

Putting together an omnibus tax bill, especially given all the line-item vetoes in last year's bill and the \$200 million cap prescribed by the Legislative Finance Committee, is a yeoman's task. Credit goes to all who worked to come up with what Lente described as "non-vetoable" language that does not include rebates, earmarks or goes over the LFC designated dollar. In Friday's Legislative Roundup we summed up what was likely to be included based on that day's joint House-Senate Tax meeting, and Lente's summary this morning delivered. On the positive side it includes:

- HB 252's long-overdue personal income tax reform, to the benefit of every single taxpayer in the state, especially those at the lower and middle levels of the income scale. New Mexicans with incomes ranging from \$16,000 to \$210,000 a year are in the same 4.9% bracket. Fixing that insanely wide range is done by creating six income brackets, with the lowest at 1.5 percent for incomes \$4,000 and less for married filing separately, \$5,500 and less for single filers, and \$8,000 and less for those married filing jointly. The top bracket would be 5.9 percent for incomes of \$157,500-plus for married filing separately, \$210,000-plus for single filers, and \$315,000-plus for married filing jointly. The Chamber applauds the fact these changes will decrease taxes for all taxpayers, with rate decreases targeted at the lowest income earners and the most savings realized by our beleaguered middle class. The change will help to finally make sure our personal income tax system accurately and fairly reflects our taxpayers' incomes. (Cost:\$176 million)
- HB 83's extension of the Angel Investment Tax for five years, to 2030. It was introduced by a bipartisan group of lawmakers who understand that new businesses often need an "angel" to help finance them in those early days, weeks, months and even years. They are Reps. Linda Serrato (D-Santa Fe), Doreen Y. Gallegos (D- Doña Ana), Dayan Hochman-Vigil (D-Bernalillo), Meredith A. Dixon (D-Bernalillo) and Joshua Hernandez (R-Sandoval). The administration has shared that from 2012 to 2019, 355 "angels" have helped startups in New Mexico via the program, some more than once. What we are talking about here is helping the small and medium businesses that are the fabric of our state's private sector economy succeed. Many talk about encouraging investment in New Mexico to diversify

the economy – the Angel Investment Tax Credit walks that talk. (Cost: \$2 million)

- HB 163's provisions encourage health care professionals to practice in our rural areas. The provisions are similar to those in HB 218, which the Chamber has testified in favor of this session, and would take a more realistic look at the shifts these professionals work and better match their hours with the \$3,000 to \$5,000 tax credit. They also align the definition of "rural" with the federal definition, so providers in counties that can be classified as both urban and rural, like San Juan, are not excluded, and 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. This promises to be a win-win for providers and the communities they will care for. (Cost: 11 million)

Depends on Where You Sit

- HB 216, a proposal by Rep. Jason Harper (R-Sandoval), would go to a flat corporate income tax and a single sales factor. Harper points out that we are one of the few states that hasn't already moved to a single sales factor for all industries, not just manufacturing. He observes that also basing taxes on the number of people employed and the value of land and facilities (as is the case with our current three-factor scheme) actually encourages companies to hire and invest out of state. Union Pacific, Verizon and AT&T all testified against the single-sales factor proposal, saying it will discourage infrastructure investment in the state and put New Mexico at a competitive disadvantage with states like Texas. Rep. Christine Chandler (Los Alamos, Sandoval and Santa Fe), who opposes the single-sales factor, believes Senate Majority Leader Sen. Peter Wirth (D-Santa Fe) will insist on this provision being removed in the Senate.

Negative

- HB 37, titled Limit Income Tax Capital Gains Deduction, is co-sponsored by Chandler and Wirth. It changes the maximum a taxpayer may claim to \$2,500 from 40% (there is a carve out for sale of New Mexico business of \$1 million or less). This change presents a real roadblock to attracting and encouraging businesses, investment, entrepreneurship and economic growth. By effectively gutting our current capital gains deduction, this represents a major tax increase. The New Mexico Taxation and Revenue Department states in the bill's Fiscal Impact Report that the bill's provisions "could affect capital flight and cause decline in entrepreneurship in New Mexico." Why are we raising taxes on wealth- and job-creators with a huge surplus?

Where we go from here

The bill heads to the House floor next. As we pointed out last week, this tax package does not have two proposals the governor holds dear: about \$50 million worth of tax credits to encourage purchase of electric vehicles contained in House Bill 140, sponsored by Rep. Dayan Hochman-Vigil (D-Bernalillo), and a tax credit for manufacturing equipment used in the production of advanced energy equipment as specified in the federal tax act (centered around photovoltaic solar equipment). And, of course, the Senate has some things it will want to add as well.

There are many debates to be had and numbers to be crunched before we know what the final tax package looks like – and to be clear the House substitute is 45 pages, and we plan to go over it with a fine-tooth comb for any unintended consequences that might be lurking.



State School Board - Back to the Future

Been there, done that and threw the T-shirt away. Sens. Steve Neville (R-San Juan) and William Soules (D-Doña Ana) are sponsoring a proposed constitutional amendment, SJR 9, that would try to convince voters that what they tossed out 20 years ago should be brought back and a state school board reinstituted. The measure has passed the Senate and now lies before the House Education Committee. Because the sponsors were unavailable today, public testimony was taken but action on the bill was postponed until Wednesday. Proponents of this measure argue that the only thing holding back New Mexico is the governance structure - the current system of the secretary of the Public Education Department reporting to the governor lacks the necessary continuity to make progress and should be replaced.



Think that's the case? Ask Del Archuleta, a member of the Chambers' board and chair of the education committee. He was the last chair of the old State School Board before voters eliminated it. "It's a great idea, but it doesn't work that way," he said. Archuleta argues that the regional district system ends up pitting one part of the state against another, and that the only thing consistent is politics. It's why the old board was bogged down as New Mexico's educational system fell deeper and deeper into despair.

Amanda Aragon, head of New Mexico Kids Can, made similar observations. She asserts that the problem isn't the governance structure but rather the core curriculum. She also pointed out local school board elections have become polarizing and contentious, and the same thing will happen with an elected state school board. Acknowledging that just about everyone is frustrated with the performance of our educational system, a state board isn't the answer. She advocated a thoughtful study and analysis by the Legislative Education Study Committee before passing SJR 9, and we agree with her.

Elizabeth Groginsky, Secretary of the Early Childhood Education and Care Department, observed that if SJR 9 were to pass, removing public education from the governor's Cabinet could result in a loss of close communication, collaboration and consistency among her department, higher education and other agencies tasked with child well being and learning. The

current Public Education Commission, which is responsible for state authorized charter schools, would see its focus completely diluted and, therefore, also opposes SJR 9. Charter schools are among the best-performing schools, and PEC board members don't want to see their work eroded. Similarly, Matt Pahl, director of the charter schools association, opposed SJR 9 again today.

Amending the state's constitution is serious business. It locks in structure that can't be modified by the Legislature or anyone else except by another vote of the people. Making a fundamental change as is proposed in SJR 9 shouldn't be done on a whim or because it feels like the right thing at the time. The issue of how best to govern our education system should indeed be the subject of careful analysis, deliberation and study. The House Education Committee should table this proposal and refer it to the LESC for interim study.



Liquor Tax Change Headed to House Tax

Last year, the Legislature considered two bills that proposed a mind-boggling five-fold increase on the tax on beer and similarly high increases for other types of alcohol. That legislation has unfortunately made a comeback this session, but there's also a new tax increase proposal in town – and while it's not as extreme, we're still concerned.

House Bill 213, sponsored by Reps. Micaela Cadena (D-Doña Ana), Derrick Lente (D-Rio Arriba, Sandoval and San Juan), Cristina Parajón (D-Bernalillo), and Joshua Hernandez (R-Sandoval), would change the way the liquor excise tax is calculated, from the current system based on volume, to a percentage of the overall cost of the product. It eliminates the wholesale tax to shift the burden to retailers – stores, restaurants, breweries, and bars – which is then passed to the consumer. This comes to rates of:

- 4% for spirits
- 3% for wine, and
- 2% for beer

And, as sponsors point out, this mitigates the regressive nature of the current tax policy, where people who earn less pay more, proportionally, than people who earn more. With a percentage, people who are willing to spend more on more expensive alcohol pay more in tax; people who can't afford or don't opt for top-dollar quality or volume pay less. The bill also makes changes to where this tax goes and how it's distributed to state and local efforts to curb DWI more effectively (that need and distribution was the bulk of committee discussion today).

It all sounds reasonable so far. But there's a wrinkle: the fiscal impact report predicts the changes in the bill would result in higher taxes for consuming alcohol on-site. Besides making it more expensive for folks to go out and enjoy a glass of beer, wine or spirits, it will undoubtedly translate to higher costs for businesses, including technology costs for things such as new hardware, and greater swipe fees the business pays.

This is why we're concerned. The Chamber opposes the bill because now is not the time to add more burdens on our businesses. And while we are very motivated to address our state's persistent DWI problem, our restaurants and breweries shouldn't pay the price. The Chamber opposes any and all tax increases for our businesses – especially during a 30-day session when public input and careful consideration are often rushed.

To that point, the New Mexico Alcohol Alliance has said the bill is “not quite baked yet” and leaves businesses in a place of worrying uncertainty. Representatives from local businesses have raised concerns about funding mechanisms and whether this bill would actually increase resources for fighting DWI. And a number of alcohol policy experts and advocates oppose the bill on the grounds the bill does not go far enough in dedicating funding to behavioral health initiatives, and by making this tax less regressive it actually incentivizes more purchases, and consumptions, of alcohol.

Unfortunately, although HB 213 is not ready for prime time, it moved forward today on a 7-1 vote, and we'll be working hard to get it stopped in its next committee, House Taxation and Revenue.



Indexing Social Security Exemption Passes

Today the House Commerce and Economic Development Committee voted unanimously to give a Do Pass recommendation to House Bill 249. The bill, which is sponsored by Reps. Cathrynn Brown (R-Eddy and Lea) and Gail Armstrong (R-Catron, Sierra, Socorro and Valencia), would annually adjust the income caps associated with the Social Security tax exemption for inflation.

When they hear the bill's title, “Social Security Income Indexing,” many might think we're just talking about a break for retirees. And yes, this bill will build on the smart income exemptions lawmakers passed in 2022 for our seniors.

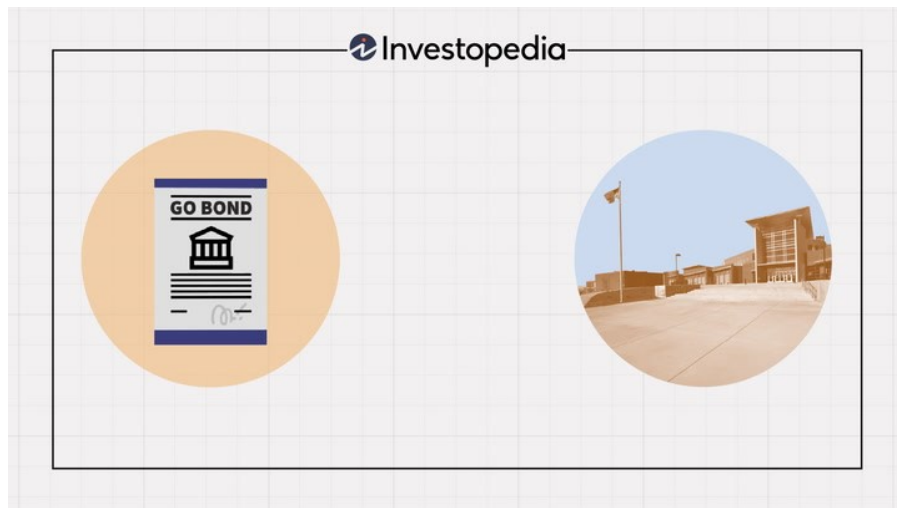
But this bill at its core is about a smarter tax policy that indexes those income caps to inflation, encourages work, and keeps money in the hands of the New Mexicans who need it.

The current income caps have the unintended consequence of “graduating” people off the exemption – in short these static caps discourage people from making income above the cap, meaning from participating more in our workplaces and our economy.

Indexing the income thresholds creates permanence to this exemption, providing taxpayers an incentive to both contribute more to our economy and keep more of their hard-earned money in their own pockets.

Chamber lobbyist J.D. Bullington was in committee to support the bill and had the following to say: “This is going to help ensure that our citizens who qualify for Social Security will continue to maintain their current taxation status and receive their benefits at the appropriate level.”

The bill now moves to the House Taxation and Revenue Committee.



G.O Bond Authorization Greenlighted to Floor

House Bill 308 authorizes the issuance of general obligation bonds totaling approximately \$289.6 million, which would be placed before voters at the general election in November. Four separate bond issues include capital expenditures for senior citizen facilities statewide (\$30.4 million); for library resource acquisitions (\$19 million); for higher education, special school, and tribal school capital improvements and acquisitions (\$229.6 million); and for a statewide public safety radio network (\$10 million). A listing of the projects contained in this bill can be found by clicking [here](#). The link will take you to the fiscal impact report - scroll down and you'll find the list of projects.



House Commerce OKs High-Wage Tax Credit

The House Commerce and Economic Development Committee voted unanimously Saturday morning to advance House Bill 275, High-Wage Jobs Credit Determinations, aligning some language in the statute with existing tax laws and extending the credit through July 1, 2030.

Sponsored by Rep. Joshua N. Hernandez (R-Sandoval), the update had zero opposition in person and online, and questions and comments from committee members focused on the why and wherefore of the proposed language changes; Hernandez explained all were to better sync

with current laws including the New Mexico Income Tax Act and the federal TaxAct.

J.D. Bullington testified in person for the Greater Albuquerque Chamber of Commerce.

"We all agree we want not only more jobs, but more high-paying jobs, in New Mexico. That's why HB 275, which extends the high-wage jobs tax credit four years, through July 1, 2030, makes perfect sense.

"This credit is a win-win for business owners and employees – it provides an incentive for urban and rural businesses to create, and fill, new high-wage jobs. These are truly high-wage jobs: they must pay at least \$60,000 in our larger urban areas and \$40,000 in our smaller rural areas. The credit is based on a percentage of the wage paid – hence incentive to pay more - and the cap is \$12,750 per job, meaning a wage of \$150K. For context our per capita income is just over \$32,000. And employees need to have been paid that high wage for at least 44 weeks, so there's no room for bad actors to game the system.

"HB 275 is about bringing more great jobs to our state. We urge you to give it a Do Pass."

And with no further discussion they did. HB 275 and its mechanism for extending the incentive to add and keep high-paying jobs in New Mexico now moves to the House Tax and Revenue Committee.



Automatic License Plate Readers In Our Future

Technology provides many benefits, and new uses are emerging constantly. One of the latest is automatic license plate readers (ALPR) systems that click thousands of pictures in minutes, allowing law enforcement to track and locate vehicles suspected of trafficking illegal substances, harboring dangerous individuals or being unsafe. This technology replaces the need to have a police officer sit on the side of the road recording license plates as vehicles pass. Senate Majority Leader Peter Wirth (D-Santa Fe) is sponsoring Senate Bill 208 to authorize how ALPRs may be used and establishes guardrails to prevent misuse of such systems. The Senate Health and Public Affairs Committee endorsed the bill on an 8-0 vote, moving it on to the Senate Judiciary Committee.

Sara Fitzgerald, Chamber Senior Vice President of Communications and Education Policy, testified in support:

"Technology has given us some really powerful crime-fighting tools in recent years, and that has helped us make some important progress in ensuring crime is met with swift and certain consequences. This bill will make sure we can use one important piece of that technology to its full potential. All this said, we have some questions about the wiping of this data after just 14 days, so we encourage the sponsor to work closely with our law enforcement agencies to make sure that's a workable timeline for investigations."

One of the key guardrails is the length that data may be retained - the bill was amended to set data retention at 14 days unless it is used as part of a criminal case. Currently, the city of Albuquerque allows up to one year. Another guardrail is by whom the data may be used and with whom it can be shared. Members of the committee reacted favorably to these provisions.

Sen. Greg Nibert (R-Chaves) raised the question about where the use of such technology crosses the line and becomes an illegal search and seizure? Nibert said that it's not an issue to be resolved in this evening's hearing but is one that everyone needs to grapple with in order to properly balance the value of helping law enforcement do its work versus the constitutionally protected rights of citizens.



EMS Funding Bill Heading to Senate Floor

This evening, the Senate Finance Committee voted 10-0 to send Senate Bill 151, Premium Tax to Emergency Services Fund, to the Senate Floor.

As when it comes to those who depend on our emergency first responders, this bill is bipartisan. Pete Campos (D-Colfax, Guadalupe, Harding, Mora, Quay, San Miguel and Taos), Pat Woods (R- Curry, Quay and Union) and Crystal R. Diamond Brantley (R-Doña Ana, Hidalgo, Luna and Sierra) are the sponsors.

From Hobbs to Portales to Sandoval County, fire and paramedic chiefs from across the state testified in uniform Monday evening in support of the bill as twice amended. Originally, it appropriated \$22 million to the EMS Fund in fiscal '25 – similar to what the Legislature did for law enforcement last year. It also would have distributed 10 percent of the health insurance

premium tax to the EMS Fund beginning in fiscal '26. The amendments stripped the appropriation out, with the intent of working out funding in the budget bill.

Tanya Lattin, deputy chief for the Corrales department, says in the 25-plus years she has been with the department, the annual state funding has increased around \$1,000 while costs have increased exponentially, especially for medications her team is expected to administer.

The Chamber believes that Emergency Medical Services is a key component of public safety. Whether they live in a rural or urban area, when New Mexicans call EMS, it is likely the worst day of their lives, and they are depending on EMS to be able to answer quickly and effectively. But that's hard when you are short personnel and equipment. As with many things these days, funding for our EMS departments has not kept up with costs. Right now the EMS Fund has to spread \$2.9 million across the fifth-largest state in the nation. Public safety is a core responsibility of government, EMS is a key piece of that, and it's something residents and visitors depend on.

The committee clearly agreed and voted unanimously to send HB 151 to the Senate floor. We'll keep you updated on its progress.



Scholarship Flexibility Passes 1st Committee

In recent years, New Mexico has made strides in making college more affordable. Now, a revamped Lottery Scholarship covers most of the tuition and fees for four-year and community college students immediately following high school, and the Opportunity Scholarship supports adults who want to pursue a college degree for the first time or who want to return to college to finish a degree they started.

Senate Bill 239 continues these efforts to make sure these programs serve students as well as they can. The bill, sponsored by Sen. George Muñoz (D- Cibola, McKinley and San Juan) and Siah Correa Hemphill (Catron, Grant and Socorro) makes important clarifications to some definitions, like counting credit requirements on a per-year basis instead of per-semester, and making summer semesters eligible for scholarship coverage.

These changes may not sound like much, but they can mean a lot to students. The per-year credit requirement means students can schedule heavier or lighter course loads based on other responsibilities they might have to balance with school. And, with summers eligible for scholarship coverage, motivated students can take courses then to get ahead on their credits. Of course, there are still limitations – institutions often don't allow full-time students to dip below 12 credit hours per semester, and the scholarship programs will only cover 30 credit hours for fall and spring semesters combined and a maximum of 9 credit hours in the summer. But for students who truly want to take full advantage of their scholarship's benefits, they can earn up to 39 credits at a four-year college in a single academic year – tuition-free!

SB 239 also ties the new maximum distribution for the Opportunity Scholarship to inflation by basing it on the annual increase in the Higher Education Price Index for the mountain region. And last, for those students who challenge themselves with dual credit courses to start earning college credit even before they graduate high school, this bill says those credits don't count toward the total cap on credits the scholarship pays for, which is 90 credits for students seeking an associate's degree and 160 credits for students working toward a bachelor's.

The Chamber spoke in support of the bill this morning, with GACC Senior Vice President Sara Fitzgerald saying, "these scholarship programs have the potential to be life-changing for so many of our young people. (SB 239) makes smart changes that will ensure students can take full advantage of these the way we want them to. It clarifies really important requirements and grants our college students meaningful flexibility. And, this bill would hold our high school students harmless for dual credit courses they may take. It shouldn't count against them when they use dual credit to get ahead – that's exactly the reason the dual-credit program was created."

The bill passed the Senate Education Committee this morning on a unanimous Do Pass motion. We're looking forward to supporting it in Senate Finance next.



Some Juvenile Firearms Records Targeted

Currently, under certain circumstances, minors who have been adjudicated by the juvenile justice system can have their law enforcement and court records sealed. When this happens, only a very short list of people can see these records, and depending on who they are, they may not be privy to all the details. For example, school personnel might be made aware if the records concern the minor's educational needs, but they'll only have access to information necessary for supporting the planning of the child's education. This means for people with particularly complicated childhoods who ended up in the juvenile justice system, their history doesn't follow them for the rest of their lives.

Senate Bill 178, sponsored by Senator Daniel Ivey-Soto (D-Bernalillo), proposes an important exception to this rule: if the person's offense was possession or use of a firearm AND a federal instant background check is run on them, that offense will appear on the background check. This means these offenses would show up when a person undergoes a background check as part of a hiring process, or if they're trying to purchase a firearm. However, these sealed records stay confidential otherwise and unless those two conditions are met.

This bill is particularly timely as the rise in gun violence among our youth continues. There have been more and more incidences of teens bringing firearms to school or to settle disagreements late at night – it's unclear where or how kids are getting their hands on firearms, but Bernalillo County District Attorney Sam Bregman has said publicly he won't hesitate to charge kids as adults for these crimes.

The Chamber spoke in support of this bill: “We know that people can change, and that far too many of New Mexico’s kids have very difficult and often traumatic childhoods,” said GACC SVP Sara Fitzgerald. “On the other hand, employers should be informed on what happened in a job applicant’s past when it comes to records relating to violent crime. They have an interest in protecting themselves, their employees, and their customers.”

Sen. Greg Nibert (R-Chaves) said he wasn’t in favor of sealing records to begin with, and making an exception to the practice seems “hypocritical” – if we’re going to make one exception to sealed records, shouldn’t we broaden it to capture more violent crime? “I wish we could tie it to a violent act, say ‘in connection with a violent act,’” he said. “I would argue that should not be sealed in any way.”

However, Sen. Antoinette Sedillo Lopez (D-Bernalillo) pointed out this bill only brings New Mexico in line with federal law; what’s proposed in SB 178 is no more or less than what’s required federally.

After just a few minutes of debate, the committee passed the bill 6-1, with only Nibert voting no. We’ll follow this one to its next hearing in Senate Judiciary.



Weaker Grad Requirements Near Finish

A bill changing (read: lowering) graduation requirements made progress in its second chamber today. House Bill 171 passed the Senate Education Committee on a 7-1 vote – without a critical amendment that would have added a requirement for a standalone financial literacy class. Only Sen. Shannon Pinto (D-McKinley and San Juan) voted against moving the bill forward.

As a recap, House Bill 171, sponsored by House Education Chair Andrés Romero (D-Bernalillo), proposes to change high school graduation requirements by effectively reducing elective credits and requiring school districts and charter schools to set two credits of requirements of their own. The bill also mandates districts and charters create graduate profiles, or locally-informed goals for competencies students should have, and develop Next Step Plans to help students identify their goals and plan to reach them. Sponsors say the goal of the bill is to increase student engagement – and fight chronic absenteeism – by giving students more flexibility in choosing courses that align with their life goals.

But as we have pointed out, these new requirements contain some glaring omissions. First, the bill eliminates the requirement for Algebra II for graduation, a course that remains a basic prerequisite requirement for entrance at most higher education institutions and one of the state assessments for high schoolers. Eliminating this requirement means our students will be less prepared for a test that examines their overall college readiness, and for college itself. Students who try to make the switch to a college-bound track in their senior year, for example, won’t be able to complete the course before college applications are due. (And students can already opt-out of Algebra II, so those who know they do not want/need the course can make that choice now).

Just as importantly, the bill lacks a requirement for students to complete a standalone course in financial literacy. Sen. David Gallegos (R-Eddy and Lea) proposed an amendment to correct this, which would have required a one-half credit course dedicated to financial literacy. Sen. Martin Hickey (D-Bernalillo) spoke in favor of the amendment, saying financial literacy is a key part of “taking care of yourself” and suggesting it should be a standalone requirement not unlike health class. The Chamber also spoke in support of the amendment, alongside Think New Mexico, the State Treasurer, the New Mexico Bankers Association and others.

But there was also strong opposition to the amendment, with reps from teachers' unions, superintendents' and school boards' organizations, and districts arguing such a mandate went against "local control." Our take is that it would also be local control to allow districts to choose whether to require reading instruction in kindergarten – but we as New Mexicans believe every kindergartner needs reading skills to succeed in life, no matter where they're located. This is the same. No matter where our students live, they will need the skills to make smart financial decisions so they don't fall victim to high-interest loans or rack up credit card debt without understanding it.

The committee voted the amendment down on a 5-3 vote before returning to the bill. Without this fix, the Chamber had to oppose the bill, with Chamber SVP Sara Fitzgerald saying, "This is a challenging bill for us. We appreciate the emphasis it places on supporting students in planning for their future and boosting their engagement, but ultimately, we are opposing the bill today because we strongly believe that our graduation standards should contain a financial literacy requirement. It's a necessary skill, both for students on a college track AND for students who are learning a trade and might one day manage or run a business. In a state with a huge poverty problem, we should require our young people to understand – from an early age – how to manage money and set themselves up for financial stability and success."

Unfortunately, the bill passed on a 7-1 vote. These watered-down high school graduation requirements will go before the whole Senate next.



Bill Saves Interest Costs for Charter Schools

HB 307, sponsored by Rep. Joy Garratt (D-Bernalillo), amends the Public School Capital Outlay Act to make a program to provide lease assistance to charter schools from the public school capital outlay fund mandatory rather than discretionary for the Public School Capital Outlay Council.

The change is needed to allay concerns of bond investors that the assistance could be unavailable in any given year, thus making the bonds more risky, demanding a higher interest rate. If this assistance is required each year, bonds should be able to be issued by the New Mexico Finance Authority utilizing their AAA credit rating. A lower interest rate means less cost of debt service and more money available for the intended purpose - improving or building charter schools. J. D. Bullington, chamber lobbyist, appeared in support of the measure.

The House Education Committee gave the bill a unanimous Do Pass recommendation, sending it forward to the House Appropriations and Finance Committee.

On the House Floor



Law Enforcement Retention Payments Pass

It's no secret that throughout New Mexico there is a critical shortage of law enforcement officers. HB 193, sponsored by Rep. Art De La Cruz (D-Bernalillo) seeks to encourage officers to remain in their jobs. On Saturday night (during the session that ran until 3:09 a.m. Sunday) De La Cruz was able to maneuver HB 193 off the House floor by a vote of 61-0. That was quite a feat given just about every bill was debated for 3 hours, the maximum allowed under House rules.

The bill would allow "retention differential disbursements" (otherwise known as bonuses or service awards) to be paid up to 5 percent of an officer's annual base salary upon completing an additional year of service (five, 10, 15, or 20 years) with the same law enforcement agency. HB193 would also allow for disbursements of up to 5 percent of an officer's annual base salary upon completing each additional year of service after 21 years. The yearly retention differential beyond 21 years of service requires the officer to remain employed as a full-time law enforcement officer at the same law enforcement agency.

The Chamber is a strong supporter of this bill and others that seek to attract and retain law enforcement officers. We look forward to this bill making it to the governor's desk.



NM Match Fund Sails to Senate

With no debate, HB 177, cosponsored in the House by Reps. Gail Armstrong (R-Catron, Sierra, Socorro and Valencia) and Meredith Dixon (D-Bernalillo), sailed off the House floor by a vote of 65-0. The measure would result in \$100 million of grant money being made available to local governments in order to match federal infrastructure dollars available through 2025.

In many cases, the feds will put up 90% of the costs. In most cases, federal dollars double, triple or even quadruple local funds. The Chamber strongly supports HB 117 - it's what we call smart

money - smart to leave nothing on the table, smart to take advantage of building and repairing all the infrastructure we can.

With such strong support in the House and bipartisan sponsorship, we look for this measure to have smooth sailing all the way to the governor's desk. The Senate received the measure today and referred it to only one committee, the Senate Finance Committee. That's a good sign.

Around the Roundhouse

When getting a local tax share is literally the pits



With 661 bills introduced this short session, there are a lot of proposals in the 2024 Legislature that don't fall directly into the Chamber's advocacy work but touch on our core interests, be it public safety, education or taxes. And HB 117 is an interesting proposal that falls into that third bucket.

The National Lab Contractor Gross Receipts bill, sponsored by Rep. Kristina Orteza (D-Taos), is designed to get local entities gross receipts tax on what is manufactured at state and national labs.

Practically, it only affects Los Alamos National Laboratory and its manufacture of plutonium pits. Orteza says the city of Los Alamos and Los Alamos County will lose GRT because of the current manufacturing exemption, which was never intended to apply to federal contractors.

House Commerce & Economic Development Committee member Rep. Mark Duncan (R-San Juan) said it was better quantified as a loss of new GRT rather than existing, and he asked the billion-dollar question: Will this start a fight with LANL (and other labs)?

Because LANL is one of only two sites (the other is South Carolina) that will manufacture the pits, and LANL is the only one that has to date, Orteza says pit production is not likely to be transferred to another lab. The Legislative Finance Committee, which is neutral on the bill, did add that the bill does not "run afoul" of the Commerce Clause because it treats all labs the same.

Rep. Marian Matthews (D-Bernalillo) asked if this affected work at any other labs, such as Sandia National Laboratories. Orteza said labs usually focus on research, not manufacturing items for use, so to the best of her knowledge, no.

Rep. Jimmy G. Mason (R-Chaves, Eddy and Lea) then posited that the lab could then simply move non-pit production jobs and projects elsewhere, reducing local GRT that way.

Interesting questions all, and a primer on how our lawmakers try to anticipate unintended consequences as they vet the myriad proposals in front of them. (The committee ultimately voted

Signing Off from Santa Fe



The Superbowl is coming up Sunday, and sometimes the games are great, and sometimes, not so much (well the ads are always pretty cool). Harken back to Feb. 5, 2017, when the New England Patriots were down 25 points and came roaring back in overtime to defeat the Atlanta Falcons 34-28. The moral of the story? As Yogi Berra would say, "It ain't over, 'til it's over."

And the same is true for a lot of legislation that may seem far from the goal line. In what we like to call Legislative Standard Time (LST) - meaning things don't usually start on time, but there's a flip side as things can move with lightning speed when there's the will to do so. Ten days is a long time in LST. We're two thirds of the way through the session - the rocket ride is about to start. And, we'll be there to bring you all the news and views affecting the business community. T minus 10 and counting. Thanks for being with us today, and we wish you a good evening.

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.



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