

# STAFF REPORT

NEW MEXICO GOVERNMENT AFFAIRS,  
Mike Miller, PBPA

It was a busy quarter beginning with the 30 day session of the New Mexico legislature. The session took place against the backdrop of historic levels of state revenues, and legislators passed the largest budget in state history – nearly \$8.5 billion in recurring general fund spending. After disagreeing on proposed amendments, a conference committee was named with three members from each chamber who worked together to find compromise over the proposed budget. This year's budget, funded in large part by oil and gas revenues, is an increase of 14% over the last fiscal budget. The bill includes minimum wage increases for state employees including educators, state police officers, and judges.

The Legislature passed a major tax package that provides approximately \$550 million of tax relief to New Mexico businesses and residents, including income tax deductions for some Social Security, military retirement income, and nurses, a child tax credit, tax rebates, and other tax credits and deductions. The bill enacts a quarter-percent reduction in the state gross receipts and compensating tax rates, phased in over two years, reducing the rate to 5% on July 1, 2022 and 4.875% on July 1, 2023.

No major environmental bills gained traction during the session, including the Clean Future Act, Green Amendment, or Hydrogen Hub. Senate Bill 14, the Clean Fuel Standard, failed to pass the House with a 33-33 vote. The bill was designed to reduce the state's carbon footprint by reducing greenhouse gas emissions from the transportation sector by 20 percent within eight years. This is the second year the measure has failed. We do anticipate seeing the Green Amendment, some version of the Clean Future Act, and other legislation like it again, especially in a longer session. Of note, House Bill 164, requiring the State Environment Department to coordinate a statewide effort to clean up and reclaim legacy uranium mine and mill sites, unanimously passed the House and Senate.

There was a proposed memorial in both chambers that would have created a study focused on creating a state-run utility system. The memorial died in each chamber. Concerns were raised from industry, municipalities and counties, and trade associations that a state-run utility system would have increased costs to consumers and decreased opportunities for business retention and economic diversification. House Joint Resolution 1 did pass and will now head to the voters in November for their approval. If passed by the voters, HJR1 would allow for public investment to ensure greater access to internet, energy, water, wastewater, and other similar services.

The New Mexico Legislature met again for a special Session on April 5th to reconsider an appropriation bill passed and vetoed in the regular session and to address “financial assistance” to the citizens because of the higher cost of goods. The session lasted all of one day, convening at 9:00 am and adjourning some 11 hours later.

The members made some changes to answer the Governor's concern in the appropriations bill. They also are going to provide a \$500 check to each adult so \$1000 to a couple. If an individual or couple filed a tax return in 2021, they will automatically receive half of this “gift” in late spring and the other half in the early fall. Those persons that did not file a tax return will have to apply through the Human Service Department. The revenue provided in these appropriations were made possible by this industry!

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## NEW MEXICO GOVERNMENT AFFAIRS CONTINUED

We participated in the Delaware Basin Emergency Response Initiative meeting held in Eddy County. This initiative is an attempt to make companies aware of emergency resources available in the area and to identify what other resources might be needed. The plan is to continue these meetings and hold other meetings with Lea and Reeves counties soon.

We have been asked to participate in the Legislative Finance Committee in May to be held in Artesia and Roswell. We are working to have a presenter for the Artesia meeting on May 18th and will be hosting an event for the committee later that evening in Roswell. Interim committees are kicking off next week and will continue through early December in preparation for the upcoming 60-day session.

New Mexico's primary will be held on Tuesday, June 7th. The Governor, Secretary of State, Attorney General, State Auditor, State Treasurer and Land Commission are all up for election this year. Also, the entire House of Representative is up for election, no Senate seats will be up in this election. We will keep you up to date on the results of the primary.