

NMBA LEGISLATIVE REPORT

NEW MEXICO BANKERS ASSOCIATION

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There are only 4 long days remaining in the 2020 30-day Legislature. Some of the issues and legislation of interest and importance include:

- Fortunately, the creation of a state bank proposal was not introduced during this session. Unfortunately, the bills which would have revised or eliminated the state income tax on social security were not approved. That tax issue will be reintroduced during the 2021 Legislature.
- The Senate Judiciary Committee tabled SB 115, the Cannabis Regulation Act, last week. The bill would have provided for the legalization of adult recreational use of cannabis, the taxation of the product, age limits for possession and consumption of cannabis, and which governmental entities would be responsible for overseeing the cannabis program. The proponents testified about potential new state revenues to be derived from the sale of cannabis, the potential creation of 11,000 new jobs, and that the program would provide for the regulation of an industry that would otherwise remain a black market in the state. The opponents raised health concerns and DWI issues. The chair of the Senate Judiciary Committee thought the 180-page bill was overly complicated and vague and pointed out numerous legal concerns. The bill was tabled (defeated) by a vote of 6-4 with all Republicans and two Democrats voting to table the bill.
- After three hours of debate last Friday, the House approved SB 5, the Extreme Risk Protection Order Act (red flag bill) by a vote of 46-24. Under the bill, a law enforcement officer would be able to file a petition in state court for an order to prohibit someone from possessing firearms. If a judge finds probable cause that an individual posed a threat to himself or others, an emergency 10-day order requiring the firearm owner to relinquish his or her firearms would be issued. A

one-year order could also be imposed after a court hearing. All 24 Republicans in the House voted against SB 5. They were joined by seven Democrats. The Governor has indicated that she will sign the bill which would go into effect 90 days after the legislature adjourns on February 20.

- It appears that the Legislature may approve SB 274 during the last days of the session. The bill delays for 5 years implementation of a new top state income tax of 5.9 percent set by the 2019 Legislature. That new tax is scheduled to go into effect in tax year 2021. When fully implemented, the new tax is estimated to raise \$42 million annually.
- The Governor's proposed scholarship plan intended to cover all college tuition and expenses for New Mexicans (SB 323 and HB 14) has legislators concerned about the cost of the program. The Governor had estimated that the program would cost \$35 million annually. The Legislative Finance Committee estimates the cost at \$62 million, taking into account a 2 percent increase in enrollment, a 5 percent tuition increase on the part of the state's colleges and a decrease in federal grants to offset costs. The Higher Education Department estimates the proposal would assist 55,000 students to attend college for free. It is likely that the legislature will significantly modify the program to lessen to program's annual cost.
- The Senate approved by a vote of 25-15 SB 72 which provides a \$76 million infusion into the state Public Employees Retirement Association (PERA) to get the pension program on the path to solvency. The \$16 billion fund has unfunded liabilities of approximately \$6.6 billion. PERA represents 90,000 New Mexicans, including 40,000 retirees. The bill is one of the Governor's top priorities for this session.

Key Session Dates:

- December 16, 2019-January 17, 2020: Legislation may be pre-filed
- January 21: Opening day (noon)
- February 5: Deadline for introduction of legislation
- February 20: Session ends at noon
- March 11: Legislation not acted upon by governor is pocket vetoed.
- May 20: Effective date of legislation which is not a general appropriation bill or a bill carrying an emergency clause or other specified date

Bill Finder:

The New Mexico Bankers Association will prepare a weekly LEGISLATIVE REPORT throughout the 2020 Legislative Session. When a bill affecting our industry is first introduced, its pertinent provisions will be summarized. Thereafter, any further action

taken on the bill will be reflected in subsequent reports. At any time you should desire a copy of a bill or additional information concerning any legislative matter, please direct your inquiry to the NMBA office at (505) 822-7900. To get copies of House and Senate bills online, go to <http://legis.state.nm.us> and then click on 'bill locator'. For a full text of the governor's "State of the State" address visit: <http://www.governor.state.nm.us>.



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Senate Bills and Resolutions:

SB 272: Permanent Daylight Savings Compact (Pirtle). The bill would enact the Interstate-Interjurisdiction Mountain Time Zone Permanent Daylight Saving Time Compact. The purpose of the Compact is to ensure that the communities within the mountain time zone realize the continued benefit of having a common time within the Mountain Time Zone's geographic and economic region and to provide for the simultaneous adoption of year-round daylight saving time within the region.

SB 273: Agricultural and Natural Resources Trustee Act (Neville). The bill creates the Agricultural and Natural Resources Trust Fund (AG Fund), in the state treasury, which be a perpetual trust fund consisting of appropriations, gifts, grants, and donations of money. The State Investment Council will invest the trust fund to obtain the highest return consistent with preservation of the fund. The bill also creates the agricultural and natural resources trust grant fund (grant fund), consisting of distributions from the AG fund, appropriations, gifts, grants, and donations of money, that will support agricultural and natural resources trust grants as well as staffing and other administrative expenses to carry out the purposes of the Agricultural and Natural Resources Trust Act. The bill further creates the Office of the Agricultural and Natural Resources Trust, which will be administratively attached to the Office of the Governor, to administer the grant program.

SB 274: Top Income Tax Bracket Changes (Sanchez). The bill amends Section 7-2-7 NMSA 1978 to implement a new top income tax bracket that will take effect in taxable year 2026. The new top income bracket adds a taxable income amount and tax rate for each of the filing statuses. For married individuals filing separate returns, the top tax rate for taxable income over \$157.5 thousand is \$7,513.50 plus 5.9 percent of the

amount over \$157.5 thousand. For heads of household and married individuals filing joint returns, the top tax rate for taxable income over \$315 thousand is \$15,027 plus 5.9 percent of the amount over \$315 thousand. For single individuals and estates and trusts, the top tax rate for taxable income over \$210 thousand is \$10,010.50 plus 5.9 percent of the amount over \$210 thousand.

SB 276: Medical Cannabis in Schools (Sedillo Lopez). The bill clarifies the requirements for local school boards and charter schools governing bodies to authorize parents and guardians as well as school personnel to store, possess and administer medical cannabis to qualified students in certain school settings.

SB 278: Alternative Fuel Acquisition Loan Fund (Gonzales). The bill appropriates \$5 million from the general fund to the alternative fuel acquisition loan fund for expenditure in FY21 and subsequent fiscal years for Energy, Minerals and Natural Resources Department to make loans from the fund in accordance with the Alternative Fuel Acquisition Act.

SB 281: PRC Election and Changes (Neville). The bill amends sections of the Election Code to remove public regulation commissioners as elected officials. The bill also repeals the Public Regulation Commission Apportionment Act.

SJM 9: Blockchain Technology Task Force (Ortiz y Pino). The memorial requests the Secretary of the Department of Information Technology to convene a blockchain technology task force to examine and report the potential benefits and risks to the public associated with the use of blockchain technology in the public and private sectors. Blockchain technology is defined as a digital ledger or database that uses a distribution, shared and replicated ledger, either public or private, where the data on the ledger is protected with cryptography and is immutable and auditable.

House Bills and Resolutions:

HB 335: Public Agency Fees for Opinions (Dow). The bill allows a public agency to charge a reasonable fee for providing an opinion requested pursuant to the New Mexico Subdivision Act.

HB 341: Transfer of Reserve Funds (Lundstrom). Because the New Mexico Constitution requires a balanced budget, state government maintains general fund reserves to cover any shortfalls if revenues are unexpectedly low or expenses are unexpectedly high. They are made up of several distinct accounts: the operating reserve, tax stabilization reserve (TSR), appropriation contingency fund, state support reserve fund, and tobacco settlement permanent fund. The bill provides for a transfer at

the end of the fiscal year from the TSR to the operating reserve to assure that the operating reserve has funds of at least 1 percent of the aggregate general fund appropriations for the current fiscal year. Specifically, if at the end of the fiscal year the operating reserve is less than 1 percent of the aggregate general fund appropriations, then the bill would transfer from the TSR the lesser of 1 percent of appropriations or the amount necessary to get the operating reserve to that level.

HB 347: Renewable Portfolio Standard Changes (Montoya). The bill reduces the average annual levelized cost of renewable energy to be procured or generated to comply with renewable standards by a distribution cooperative or local utility from \$60 to \$30. The bill also states that compliance with the renewable portfolio standard shall not result in an increase in rates for residential or commercial customers of more than three percent in any one year or more than seven percent in any three-year period.

HB 350: Change Presidential Primary Date (Martinez). The bill provides for the Presidential primary election to be held on the second Tuesday in January in the year in which the President of the United States is elected.

HB 351: Attorney General Non-Employee Counsel (Montoya). The bill stipulates that except as otherwise specifically provided by law, all legal services of the attorney general shall be performed exclusively by:

- an employee of the office of the attorney general;
- an employee of another New Mexico governmental entity as may be provided by law; or
- an employee of a federal governmental entity pursuant to an agreement between the attorney general and that federal governmental entity.

In a case in which the attorney general is authorized under law to contract with or engage a person other than a person described above to perform legal services on behalf of the state, the sole consideration for those legal services shall be a set monetary amount bargained for in an arm's length transaction between that person and the attorney general, stating under what authority the attorney general enters into the contract.

HB 360: Education Degree Loan Repayment (Gallegos). The bill allows all New Mexico public school teachers to qualify for loan repayment of undergraduate and graduate degrees.

Status of Senate Bills and Resolutions Previously Summarized in Volume I:

SB 49: Public Funds Investments (Rodriguez). Passed Senate 36-0. House floor calendar.

SB 68: Social Security Taxation (Padilla). Senate Corporations Committee

SB 81: Social Security Taxation (White). Senate Corporations Committee

SB 102: Natural Resources (Neville). Senate Committee's Committee

SB 104: Hydraulic Fracturing Permits (Sebillo Lopez). Senate Committee's Committee

SB 115: Cannabis Regulation Act (Ortiz y Pino). Tabled in Senate Judiciary Committee

Status of House Bills and Resolutions Previously Summarized in Volume I:

HB 29: Social Security Taxation (Brown). Tabled in House Taxation and Revenue Committee

HB 77: Social Security Taxation (Ely). Tabled in House Taxation and Revenue Committee

HB 82: Minimum Wage (Caballero). House Rules Committee

HB 120: Public Funds Investments (Cook). House Rules Committee

HB 123: Conservatorship Liability (Ely). House Rules Committee

HB 130: Social Security Taxation (G. Armstrong). Tabled in House Labor Committee

HJR 1: Permanent Funds for Early Childhood Education (Maestas). Passed House 44-25. Senate Rules Committee

Status of Senate Bills and Resolutions Previously Summarized in Volume II:

SB 1: Wholesale Prescription Drug Importation (Papen). Passed Senate 35-0. House floor calendar.

SB 3: Early Childhood Education (Smith). Passed Senate 40-0. House Appropriations and Finance Committee.

SB 12: Unemployment Compensation During Apprenticeship (Padilla). Senate Committee's Committee

SB 17: Tax Deductions for Broadband Infrastructure (Padilla). Senate Finance Committee

SB 18: Renewable Energy Production Tax (Padilla). Senate Conservation Committee

SB 24: Individual Development Account Act (Tallman). Senate Finance Committee

SB 30: Research Grant Closing Fund (Soules). Senate Committee's Committee

SB 43: Oversight of the Regional Housing Authorities (Papen). Senate Finance Committee

SB 136: Public Investments (Campos). Passed Senate 30-9. House Taxation and Revenue Committee.

SB 139: Medical Cannabis Qualified Patient (Ortiz y Pino). Senate floor calendar

Status of House Bills and Resolutions Previously Summarized in Volume II:

HB 24: Telecommunication Cramming and Slamming (Ruilobo). House Rules Committee

HB 26: Highway and Transportation Project Funds (Lundstrom). House Transportation Committee

HB 27: Public Project Resolving Fund Projects (Lundstrom). Passed House 64-0. Senate Finance Committee.

HB 44: NM Work and Savings Act (Salazar). Passed House 62-1. Senate Corporations Committee.

HB 48: Furnace Replacement Program Funding (Alcon). Tabled in House Appropriations and Finance Committee

HB 57: Unemployment Compensation for Apprenticeships (Trujillo). House Rules Committee

HB 60: Differential Rate Investments (Stapleton). House Rules Committee

HB 78: Expand Phone Solicitation Restrictions (McQueen). House Rules Committee

HB 81: Lower Small Loan APR Rate (Roybal Caballero). House Rules Committee

HB 82: Increase Minimum Wage (Roybal Caballero). House Rules Committee

HB 93: Efficient Use of Energy Act Changes (McQueen). Passed House 51-14. Senate Corporations Committee.

HB 94: Capital Outlay Reporting (McQueen). House Rules Committee

HB 99: Renewable Energy Investment Policy Funding (Sanchez). House Appropriations and Finance Committee

HB 118: Designation as Benefit Corporation (Cook). Passed House 63-0. Senate Judiciary Committee.

HB 146: Expand Biomass Income Tax Credit (Martinez). Passed House 67-0. Senate Finance Committee

HB 169: Medical Cannabis Water Utilization (Chandler). House Rules Committee

HB 173: Gas Taxation (McQueen). Tabled in House Appropriations Committee

Status of Senate Bills and Resolutions, Previously Summarized in Volume III:

SB 63: Tenancy Tax Act (Munoz). Senate Corporations Committee

SB 68: Social Security Income Tax Exemptions (Padilla). Senate Corporations Committee

SB 72: PERA Solvency (Munoz). Passed Senate 25-14. House floor calendar.

SB 81: Exempting Social Security from Income Tax (White). Senate Corporations Committee

SB 116: Enable Taxation and Revenue Department to Share Data for Tax Programs (Shendo). Passed Senate 31-11. House Taxation and Revenue Committee.

SB 119: Lodgers Tax (Munoz). Passed Senate 36-0. House Taxation and Revenue Committee.

SB 120: Expand Allowed County Treasurers' Investments (Candelaria). Senate Finance Committee

SB 136: Investment in NM Funds and Businesses (Campos). Passed Senate 30-9. House Taxation and Revenue Committee.

SB 139: Medical Marijuana "Qualified Patient" (Ortiz y Pino). Senate Floor calendar.

SB 148: Water Trust Fund (Cervantes). Senate Judiciary Committee

SB 150: Low-Income Emergency and Minor Home Repays (Gonzales). Senate Finance Committee

SB 153: Low-Income Residential Energy Conservation (Martinez). Senate Finance Committee

SB 162: Foreclosure Prevention Counseling (Ortiz y Pino). Senate Finance Committee

SB 170: Social Security Income Tax Exemption (Campos). Senate Corporations Committee

SB 184: Investment Credit Act Changes (Sapien). Senate Finance Committee

SB 194: Agricultural Products Promotion (Lopez). Senate Finance Committee

SB 256: Income Tax "Manufacturing" Definition (Sanchez). Senate Finance Committee

SB 257: Eviction Prevention Act (Ortiz y Pino). Senate Committee's Committee

SB 259: Escrow Company Surety Bonds (Pirtle). Senate Committee's Committee

SB 271: Tribe and Pueblo Medical Marijuana Agreements (Shendo). Passed Senate 25-16. House floor calendar.

SJR 5: Legislative Term Limits (Griggs). Senate Judiciary Committee

SJR 8: Property Tax Changes (Lopez). Senate Judiciary Committee

Status of House Bills and Resolutions Previously Summarized in Volume III:

HB 64: Pleadings Pertaining to Construction Claims (Ely). House floor calendar

HB 91: Limit Property Tax Valuation Increases (McQueen). House Local Government Committee

HB 175: Historically Underutilized Businesses (Maestas). House Rules Committee

HB 181: Regional Retail Economic Development Projects (McQueen). House Rules Committee

HB 196: Public Contracts and Minimum Wage (Dow). House Rules Committee

HB 202: Enforcement of Certain Liens (Powdrell-Culbert). House Rules Committee

HB 214: Regulation of Finished Hemp Product Sales (Lente). Passed House 55-5. Senate Judiciary Committee.

HB 223: Agricultural and Natural Resources Trust Act (Small). House Energy Committee

HB 225: Kiki Saavedra Dignity Fund (Armstrong). Passed House 62-0. Senate Finance Committee.

HB 245: Homeowners Association Credit Requirements (Bash). House Rules Committee

HB 256: Construction Industries “Contractor” (Lente). House Agriculture Committee

HB 259: Homeowner Association Foreclosures (Stapleton). House floor calendar

HB 264: Public Private Partnership Act (Sanchez). House Judiciary Committee

HB 271: Capital Improvements Gaming Tax Credit (Ruiloba). House floor calendar

HB 285: Adjoining Properties for Rezoning (Rehm). House Rules Committee

HB 293: NMED Greenhouse Gas Evaluations (McQueen). House Appropriations and Finance Committee

HB 303: Renewable Energy Project Financing (Rubio). House Rules Committee

HB 325: Criminal Records Considered for Employment (Romero). House floor calendar

HB 332: Liquor License Dispenser's License (Maestas). House Rules Committee

HB 333: Study Parental Paid Family and Medical Leave (Chandler). House Appropriations and Finance Committee

HB 334: Cannabis Research Act (Martinez). House floor tabled

HJR 5: Limit Expenditures and Tax Increases (R. Montoya). House Consumer and Public Affairs Committee

HM 10: Financial Abuse of Senior Citizens (D. Armstrong). House floor calendar

