

New Mexico State University
Office of Government Relations

2017 SPECIAL SESSION FINAL REPORT

May 30, 2017

The logo for New Mexico State University, featuring the letters "NM" stacked above "STATE" in a white serif font, enclosed within a white outline of the state of New Mexico. This logo is set against a dark maroon background.

**NM
STATE**

A decorative horizontal bar composed of several colored segments: light grey, dark teal, dark blue, yellow, orange, and light grey.

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2017 SPECIAL SESSION UPDATE

Final Report

The legislature convened on Wednesday, May 24, 2017 for the 2017 1st Special Session and both houses recessed on the afternoon of Thursday, May 25, 2017 and adjourned Sine Die on May 30, 2017. The Governor acted on all legislation passed by the legislature on Friday, May 26, 2017 and prior to the Monday, May 29, 2017 afternoon deadline. Most importantly, the Governor partial-vetoed HB1 which restores funding for higher education, however the Governor did line-item veto \$500,000 in non-recurring funds to the Water Resources Research Institute.

The House and Senate introduced a total of 16 bills and passed four that were acted upon by the Governor. The Governor partial vetoed HB1 – Supplemental General Appropriations; Partial vetoed HB 2 (revenue bill) – Tax Fund & Distribution Changes; Partial-vetoed SB1 (revenue bill) – Severance Tax Bond Project Changes; and vetoed SB 2 (revenue bill) – Tax Changes. HB1 restores the legislative branch and higher education funding that the Governor vetoed after the 2017 regular session in HB2-General Appropriation Act. The other bills would have provided revenue to maintain a balance budget and/or increase reserve levels. SB1 would provide the necessary revenue to keep the budget in balance and was also requested by the Governor in her proclamation announcing the special session.

The Legislative Finance Committee estimates that the reserves are at 0.4% or \$24 million for FY18 after the Governor's action.

The following is a brief summary taken for the Legislative Finance Committee fiscal impact reports. The summaries are based on the legislatively-passed bills. For final details on the bills click on the links in the table below, which will take you to the Legislative Council Service website.

HB 1 – Supplemental General Appropriations (Partial Veto)

The bill restores the funding vetoed by the Governor in HB2 for both the legislative branch and higher education at the legislatively passed level or the executive requested levels (1 percent across the board reduction and 2 percent base redistribution for Instruction and General). NMSU system budget details are included on the attached table. In addition, it includes an increase of \$1.0 million for the higher education department for the student financial aid program and \$1.0 million for the cancer center at the UNM Health Sciences Center as requested by the Governor.

HB 2 – Tax, Fund & Distribution Changes (Partial Veto)

Provides approximately \$84.9 million in general fund revenue in FY 18.

1. Closes the loophole and levels the playing field to allow the collection of gross receipts tax on internet sales;
2. Levels the playing field for hospitals by bringing all hospitals into the state and creates a universal hospital deduction;
3. Suspends monthly distributions to the legislative retirement fund for five years and moves the funding to the General Fund for the first 2 years and to other retirement funds for the following 3 years.
4. Creates a rainy day fund by distributing revenue in excess of an annual five-year average for the oil and gas emergency school tax to the tax stabilization reserve and repeals the taxpayer dividend fund and allows the balances in the fund to accumulate over time; and

5. Requires separate reporting for certain GRT deduction, including sale of a service for resale, wind and solar generation equipment, hospital receipts, sale of prescription drugs, and manufacturing services.

SB 1 – Severance Tax Bond Project Changes (Partial Veto)

Provides approximately \$92.4 million in general fund revenue for FY17 and \$8.0 million in FY18.

LFC Summary - "The Senate Finance Committee Substitute for Senate Bill 1 (SB1) allocates up to \$81.4 million of supplemental severance tax bonds (SSTB), generally reserved for public school projects, to replace prior year general fund appropriations for capital projects (Section 1). The bill also appropriates up to \$81.4 million in senior severance tax bonds (STB), generally used for statewide capital outlay projects, to the public school capital outlay fund for public school projects (Section 2). These actions result in available funding for public school capital outlay projects being held harmless while increasing the general fund by \$81.4 million." This bill would balance the general appropriations act.

SB 2 – Tax Changes (Veto)

The LFC estimates that the bill will generate between \$41.6 million and \$62.5 million in revenue for the tax stabilization reserve in FY18 (used to build up reserves); \$12.7 million for the general fund in FY18, and \$18.4 million for road funds in FY18. The bill includes the following provisions which are effective January 1, 2018:

1. Increases the gasoline tax by 5 cents per gallon;
2. Increase special fuels tax by 5 cents per gallon;
3. Creates a state road maintenance fund;
4. Increases the motor vehicle excise tax by 1 percent;
5. Specifies the petroleum products loading fee will be \$150 per load until state reserves reach 5 percent;
6. Delay the five-year phased reduction of corporate income tax (CIT) by two years; and
7. Imposes a new weight-distance identification permit fee in Section 7-15A-13 of a flat \$55 per vehicle.

2017 1st Special Session Bill Tracking

Bill No.	Duplicate Bill No.	Title	Sponsor(s)	Actions	Current Location
HB1	SB3	SUPPLEMENTAL GENERAL APPROPRIATIONS	PATRICIA LUNDSTOM, TOMAS E. SALAZAR, GEORGE DODGE, JR.	[1] HAFC-HAFC- DP [2] PASSED/H (46-20) [3] tld/S [4] w/drn - PASSED/S (37-4) [3] SGND BY GOV (May 26) Ch. 2 (partial veto).	Chaptered
HB2	SB4	TAX, FUND & DISTRIBUTION CHANGES	JIM R. TRUJILLO, CARL TRUJILLO, BRIAN EGOLF	[1] HTRC-HTRC- DP/a [2] PASSED/H (37-29) [3] SFC-SFC [4] DP/a - PASSED/S (32-7) [3] h/cncrd [4] SGND BY GOV (May 26) Ch. 3 (partial veto).	Chaptered
HB 3		TRANSFER LEGISLATIVE RETIREMENT FUNDS	JIM DINES, PAUL C. BANDY	[2] HAFC-HAFC	HAFC
HB 4	SB 7	OIL & GAS EMERGENCY SCHOOL TAX DISTRIBUTION	LARRY LARRANAGA	[2] HAFC-HAFC	HAFC
HB 5		SUPPLEMENTAL GENERAL APPROPRIATIONS	LARRY LARRANAGA	[2] HAFC-HAFC	HAFC
HB 6		TAX BONDS FOR PAST CAPITAL APPROPRIATIONS	JIMMY C. HALL	[2] HAFC-HAFC	HAFC
HB 7		LEGISLATIVE PUBLIC WORKS COMMITTEE	KELLY K. FAJARDO	[2] HRC-HRC	HRC
HB 8		TAX REFORM	JASON C. HARPER	[2] HLEDC/HTRC-HLEDC	HLEDC
*SB1		SEVERANCE TAX BOND PROJECT CHANGES	CARLOS R. CISNEROS, JIM R. TRUJILLO	[1] SFC-SFC [2] DNP-CS/DP [3] PASSED/S (38-3) [2] HTRC-HTRC- DP [3] PASSED/H (64-0) [4] SGND BY GOV (May 26) Ch. 1 (partial veto).	Chaptered
SB2		TAX CHANGES	CLEMENTE SANCHEZ, JIM R. TRUJILLO	[1] SFC-SFC [2] DP [3] PASSED/S (25-16) [2] HTRC-HTRC [3] DP/a - PASSED/H (37-28) [4] s/cncrd-VETO.	Chaptered
SB3	HB1	SUPPLEMENTAL GENERAL APPROPRIATIONS	JOHN ARTHUR SMITH, PATRICIA A. LUNDSTROM	[1] SFC-SFC [2] DP	HINT
SB4	HB2	TAX, FUND & DISTRIBUTION CHANGES	CARLOS R. CISNEROS, JIM R. TRUJILLO	[1] SFC-SFC [2] DP	HINT
*SB5		LOCAL BODY MULTIPLE SOURCES CONTRACTS	PETE CAMPOS	[1] SFC-SFC	SFC
*SB6		PROFESSIONAL TAX STUDY	WILLIAM E. SHARER	[1] SFC-SFC	SFC
SB7	HB 4	OIL & GAS EMERGENCY SCHOOL TAX DISTRIBUTION	WILLIAM E. SHARER	[1] SFC-SFC	SFC
SB8		PUBLIC UTILITY FEE FUND	PETE CAMPOS	[1] SFC-SFC	SFC
SM1		NM ARTISTS, IN RECOGNITION	PETE CAMPOS	[1] nt prntd-nt ref com-tld	STBL

[Key to Abbreviations - Click Here](#)

**New Mexico State University System
FY18 - Special Session - Final Action**

Program	FY17	FY17 Special Session	Reg. Session HB 2 - FY18	Sp. Session HB 1 - FY18 Final	\$ Change vs FY17	
					HB2 Legislative Passed	Sp. Session HB 1 Final
Las Cruces I&G	116,361,800	110,543,700	109,438,500 ¹	109,438,500 ¹	(6,923,300)	(6,923,300)
Athletics	3,314,800	3,149,100	3,117,600	3,117,600	(197,200)	(197,200)
Educational Television	1,070,400	1,016,900	1,006,700	1,006,700	(63,700)	(63,700)
Alamogordo I&G	7,559,000	7,181,000	7,036,200 ¹	7,036,200 ¹	(522,800)	(522,800)
Carlsbad I&G	4,120,300	3,914,300	3,860,000 ¹	3,860,000 ¹	(260,300)	(260,300)
Carlsbad Nursing Expansion	115,800	110,000	108,900	108,900	(6,900)	(6,900)
Carlsbad Mfg. Sector Development	230,300	218,800	216,600	216,600	(13,700)	(13,700)
Dona Ana I&G	22,762,500	21,624,400	21,387,300 ¹	21,387,300 ¹	(1,375,200)	(1,375,200)
Dona Ana Nursing Expansion	205,700	195,400	193,500	193,500	(12,200)	(12,200)
Dona Ana Dental Clinic	219,000	208,100	206,000	206,000	(13,000)	(13,000)
Grants I&G	3,557,700	3,379,800	3,320,100	3,320,100	(237,600)	(237,600)
Department of Agriculture	11,649,600	11,067,100	10,956,400	10,956,400	(693,200)	(693,200)
Agricultural Experiment Station	14,366,800	13,648,500	13,512,000	13,512,000	(854,800)	(854,800)
Cooperative Extension Service	13,281,700	12,617,600	12,491,400	12,491,400	(790,300)	(790,300)
Research and Public Service Projects						
<i>STEM Alliance for Minority Participation (MSP)</i>	321,500	305,400	302,400	302,400	(19,100)	(19,100)
<i>College Assistance Migrant Program (MSP)</i>	212,500	201,900	199,800	199,800	(12,700)	(12,700)
<i>Alliance Teaching and Learning Advancement</i>	147,400	140,000	138,600	138,600	(8,800)	(8,800)
<i>Arrowhead Center for Business Dev.</i>	329,900	313,400	310,200	310,200	(19,700)	(19,700)
<i>Indian Resources Development</i>	291,800	277,200	274,400	274,400	(17,400)	(17,400)
<i>Mental Health Nurse Practitioner Program</i>	684,700	650,500	643,900	643,900	(40,800)	(40,800)
<i>Manufacturing Sector Development Program</i>	537,900	511,000	505,800	505,800	(32,100)	(32,100)
<i>Nursing Expansion</i>	744,500	707,300	700,200	700,200	(44,300)	(44,300)
Water Resources Research	604,200	574,000	615,600 ²	615,600 ²	11,400	11,400
<i>Economic Development Doctorate</i>	97,300	92,400	91,400	91,400	(5,900)	(5,900)
<i>Clean Drinking Water Technology</i>	50,300	47,800	³	- ³	(50,300)	(50,300)
NMSU Total	202,837,400	192,695,600	190,633,500	190,633,500	(12,203,900)	(12,203,900)
Total NMSU System I&G	154,361,300	146,643,200	145,042,100	145,042,100	(9,319,200)	(9,319,200)
Total NMSU System Non I&G	48,476,100	46,052,400	45,591,400	45,591,400	(2,884,700)	(2,884,700)

¹ The I&G House bill runs the formula with a 2% "Base at Risk - Reduction," no new money and excludes "Hold harmless Plus" and includes a 1% across the board base reduction before running the formula.

² Recommends to move \$47,800 to Water Resources Research Institute line (Clean Drinking Water Technology funding included in WRR).

³The bill includes \$500,000 in nonrecurring funds in other state funds from the Water Conservation Fund. The total amount is not included in the total.