

Ruben R. Baca
May 1, 2015

New Mexico Notes

New Mexico's economy continues to be less than ideal and with the decline of the price of oil, what small gains we saw are now showing signs of decline. The latest figures are that we are at about 7% unemployment rate. The State of New Mexico has become very dependent on Federal dollars and with government trying to deal with a trillion dollar debt, and having to reduce spending, this has had a very big impact on New Mexico.

The 2015 60-Day Session ended March 21st at noon. There were a total of 1365 Bills introduced – 639 House Bills and 726 Senate Bills. A total of 196 Bills passed the House and Senate and were sent to Governor Martinez for signing. Of the 196 Bills, 34 were vetoed. I will list some of the Bills that were introduced and affected our membership.

There were several gasoline and diesel excise tax bills introduced.

HB 58, introduced by Rep. Gonzales amends the Tax Administration Act to increase both the Gasoline Tax and Special Fuels (Diesel) Tax by \$.05 per gallon. This Bill was tabled in the Transportation Committee. HB 262, introduced by Rep. Lundstrom, would increase the Gasoline and Diesel Taxes by \$.02 each; the Bill was tabled in House Ways and Means Committee.

SB 394, introduced by Sen. Smith would increase the Gasoline and Diesel Taxes by \$.10; it would also increase these taxes with inflation. This Bill was never heard in Senate Finance Committee. SB 656, introduced by Sen. Smith would increase the Gasoline and Diesel Taxes by \$.05 in FY 2019; this Bill was never heard in the Senate Finance Committee.

SB114, introduced by Sen. Griggs authorizes counties and municipalities to approve a tax on Special Fuels (Diesel) and Gasoline up to \$.02. This is a local option and the voters would have to approve the tax. This Bill was vetoed by the Governor.

SB241 – Introduced by Sen Phil Griego, Liquor Licenses impacts the transferability of quota liquor licenses statewide. It would allow dispenser's licenses which are currently restricted under quota local option districts to be able to transfer out of such districts; allowing the license to be sold and moved to another location. It would further allow liquor licenses to transfer into local option districts already over quota. This Bill was signed by Governor Martinez.

HB 243 – Liquor Licenses and Definitions, introduced by Rep. Debbie Rodella:

- Expands the definition of alcohol to include frozen and powdered forms. Other states have passed legislation to ban or regulate powdered alcohol.**
- Clarifies that small brewers may fill growlers for sale for off-site consumption. This is allowed but not specified under current law.**
- Allows craft distillers and small brewers to have three offsite premises, just as winegrowers are allowed under current law.**
- Allows winegrowers to also fill and sell wine or cider in growlers, just as small brewers are allowed under current law.**

- Adds an additional two weeks to the required notice for public hearings for liquor license approval at the local option district level. It also encourages, but does not require, the local option district to add website notification of the public hearing. Under current law, notice must be published in the newspaper twice, for a period of two consecutive weeks, prior to the public hearing held in the local option district.
- Allows for alternating proprietorships for small brewers, winegrowers and craft distillers – this allows smaller start-ups to use another small brewer, winegrower or craft distiller’s excess manufacturing capabilities, equipment and location to begin their business until they are large enough to afford to go out on their own. This is permitted for winegrowers under federal law and for other manufacturers in other states.
- Allows retailers, such as small independent grocers, to form purchasing pools or cooperatives in order to bulk purchase alcohol in order to be more price competitive with the larger chains. Purchasing co-ops are allowed in other states.
- Clarifies what is considered a reasonable return from a retailer to a wholesaler under the trade practices section so that retailers are allowed to return alcohol that is damaged (wine bottles with damaged corks, e.g.) and/or near the expiration date (in particular, beer, which has a short shelf life). While this is a generally accepted industry practice, it is not currently specified in law.

This Bill was also signed by the Governor.

SB 503, introduced by Sen. Ortiz y Pino, Beer and Wine Delivery Licenses, was vetoed by Governor Martinez. This Bill allowed a person with a deliveries license to deliver \$20 worth of food along with two six-packs of beer and two bottles of wine to a home.

The following article about the Governor and the Legislature are considering calling a Special Session was published in the Albuquerque Journal on Wednesday, April 29, 2015:

“Gov. Susana Martinez and state Senate leaders met today in the ongoing effort to forge a deal to resurrect the public works package that died in the final hours of the recent legislative session.

“We still haven’t come to an agreement yet — but we haven’t agreed to disagree, either,” said Senate Finance Committee Chairman John Arthur Smith, D-Deming, summing up the meeting.

The talks are aimed at paving the way for a brief special legislative session — perhaps only a day — to revive hundreds of projects around the state that died with the \$264 million capital outlay bill.

Smith, the negotiator for the Senate’s Democratic majority, said he and Republican Leader Stuart Ingle of Portales met with Martinez and her attorney, Jeremiah Ritchie.

Earlier in the day, the Republican governor told reporters the parties were “continuing to meet and we are continuing to discuss the possibilities” but there was nothing definitive.

Smith said there is general consensus that higher education and senior citizen center funding should be restored in any agreement that would be reached on a new capital outlay bill. “That’s sort of a no-brainer,” he said.

And there could be a compromise looming on the thorny issue of highway funding in the bill, with perhaps half of a proposed \$55 million for highways financed by issuing bonds and the other half coming from cash reserves, Smith said.

Martinez and Senate Democrats have clashed over that issue, with the administration insisting paying for highway work with bonds is a better approach and lawmakers saying it made more sense to raise taxes or take the money out of reserves.

The lawmaker also said there are still areas of disagreement. He declined to be specific.

Smith said an agreement on capital outlay legislation could end up with a price tag closer to \$275 million.

He said the second area under discussion for a possible special session is a \$4.8 million tax cut package sought by the administration that died in the session that ended March 21.

Smith said the cost of it after a few years could be around \$12 million, and called it “a tough sell for me.”

Business groups have been pressing for a special session for the capital projects bill and the tax package.

“Our caucus is willing to support a special session if an agreement can be reached,” because thousands of jobs are at stake, Senate Majority Leader Michael Sanchez, D-Belen, said in a statement.”

Upcoming Events

We will be returning to the Marriott Hotel and the Isleta Golf Club for 2015. The Convention will be held August 17, 18, and 19. We are going to change the format to try and maximize the Trade Show.