

Legislative Update

New Mexico continues to languish in a very weak economy and is rated as the number 2 in the 50 states having the highest unemployment rate at 7%, and because of the decline in the oil and gas industry, some counties in New Mexico have an unemployment rate above 15%.

The 2017 60-Day Legislative session began on January 17th and will end on March 18th. The Legislature spent the first 2 weeks trying to balance last year's budget that was a 150 million dollars in the red. Unfortunately, they swept every account that had a cash balance in it, which included taking 3.3 million dollars out of the Corrective Action Fund. There have been several bills introduced to try and raise some revenue.

For the State, **HB 282** and **SB 231** increase the cigarette tax by \$1.50 per pack. The HB 282 was tabled in the House Tax Committee, but the SB 231 was passed out of the Corporations Committee and is now in Senate Finance awaiting a hearing.

SB 131 increases and indexes the gasoline and special fuel taxes \$.10 each. This was passed out of the Corporations Committee and onto Senate finance where the bill was amended to redirect the entire Corrective Action Fund to the reserves until they reach 5% of the budget. The bill was passed out of the Senate finance and passed the Senate on a vote of 29 to 13, and is now in House Taxation and Revenue Committee. I think this bill will pass and be sent to the governor, and she has said several times that she will not sign a tax increase of any kind. HB 63 is a local option fuel tax that would give the counties and municipalities the right to ask the voters to impose up to 5% gasoline and special fuel tax on themselves – this will probably pass. The governor vetoed a bill like this in 2015, and I don't think the governor has changed her mind.

Other bills of interest: Senator George Nunez of Cibola County is sponsoring SB 415 which would prohibit local governments in state institutions from enacting laws to regulate the hours scheduled as leave that private sector employers must provide their employees.

HB 202 is now in Senate Finance Committee awaiting action; this bill contains \$250 million in additional tax increases - that is nearly half a billion dollars in tax increases moving forward. Both Finance Committee Chairman John Arthurs Smith, and Majority Leader Peter Wirth, have been very clear and unequivocal that new revenue tax increases are needed for the budget, and that cutting government spending further is, in their opinion, not an option. The governor has taken a very different position, saying that the budget cannot be balanced on the backs of New Mexico families and that the budget can be balanced by a combination of closing a tax loophole, shifting some funding, and improving the efficiency of government agencies. What this means is we are headed for a train wreck and will more than likely be back for a special session sometime this year.

HB 442, sponsored by Representatives Debbie Rodella, Brian Egolf, Carl Trujillo, Patricio Ruiloba and Miguel P. Garcia, is a minimum wage bill that we oppose because, while the bill does not have indexing, the rate of \$9.25 is too high. No business organization has stood in support of this legislation. The bill does have a very narrow and limited "preemption" provision that would prohibit local governments from requiring "a private-sector employer to provide its employees with advanced notice of their work schedule." The original bill had a much stronger preemption clause, which preempted local governments from regulating, "*the schedule of work hours that a private-sector employer provides to its employees.*" The amendment narrowed the clause with respect to scheduling issues only to advance notice of scheduling. There are many scheduling issues that deal with scheduling hours of work for employees. This weakened the bill, especially with a \$9.25 increase in the bill. The bill also does not have any training wage, a tips provision, or a phase in for the increase, as does the Senate bill.

NMPMA Convention and Trade Show

The New Mexico 2017 Convention and Trade will be held August 21-23 at the Sandia Resort Casino, 30 Rainbow Road NE, Albuquerque, NM 87113. **PLEASE MARK YOUR CALENDARS.**