



State of New Mexico

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OFFICE OF
SECRETARY OF STATE

Susana Martinez
Governor

October 24, 2016

SENATE EXECUTIVE MESSAGE NO. 7

The Honorable Mary Kay Papen, President Pro Tempore and
Members of the New Mexico State Senate
State Capitol Building
Santa Fe, New Mexico 87501

Honorable President Pro Tempore Papen and Members of the Senate:

I have this day SIGNED SENATE BILL 9, as amended, without emergency clause, enacted by the Fifty-Second Legislature, Second Special Session, 2016, except the following part or parts, item or items, which I have vetoed pursuant to Article IV, Section 22 of the Constitution of the State of New Mexico:

On page 2, line 14, I have vetoed beginning with the word "The" through the remainder of the line, and all of lines 15 and 16.

On page 4, I have vetoed all of lines 23 through 25.

On page 5, I have vetoed all of line 1.

On page 6, line 9, I have vetoed beginning with the word "The" through the remainder of the line, and all of lines 10 through 12.

On page 7, I have vetoed all of lines 22 through 25.

On page 8, I have vetoed all of lines 1 through 8.

On page 9, I have vetoed all of lines 12 through 16.

On page 10, line 18, I have vetoed beginning with the word "The," and all of lines 19 through 21.

The oil and gas industry is a significant driver of our state's economy, employing thousands of New Mexicans and contributing hundreds of millions of dollars to the state. Our budget challenges are the result of the steepest oil and gas price crash of our time.

About one-third of New Mexico's state government revenues depend upon oil and gas production and the personal income tax, gross receipts tax, and corporate income tax collections that generate them, not to mention other industries that have been impacted. In Fiscal Year 2016, those tax revenues plummeted by as much as \$150 million in our oil and gas producing counties. Thankfully, our state's reserves, which had been responsibly saved over the years for a "rainy day" like this, have helped to soften the blow.

Shortly after the 2016 budget session, I directed our agencies to take steps to trim their spending—reduce travel, leave vacant positions unfilled, and approve less overtime. My directive prepared our agencies to operate with reduced resources and delayed the impact of reduced oil and gas revenues. In August, I again called for our state agencies to do more with less and reduce their spending by 5%. I even urged agencies under legislative and judicial control, as well as other elected entities, to do the same. New Mexicans expect that in times of fiscal difficulty, the state government will tighten its belt so that families and businesses don't have to.

I appreciate our legislature's efforts to close the gap between revenues and expenditures. September's special session required cooperation and sacrifice, as millions of dollars in projects were cut and program resources were pared down.

However, lawmakers opted to spare excess discretionary dollars not spent in the classroom and instead attempted to gut classroom spending and programs designed to identify and assist struggling schools and students. This is not the balanced, thoughtful approach needed to address these difficult times, which is why I have vetoed these cuts. The proposed \$22 million cut to public school improvement programs would have amounted to 22% of all targeted classroom reform programming. These are the programs that provide meals to our students in poverty, place in-demand social workers in middle schools, cover the costs of advanced placement (AP) exams and Preliminary SAT (PSAT) fees, and offer strategic pay increases to our state's top performing teachers—among other initiatives our students and teachers have come to rely on. To make cuts as deep as the legislature proposed in SB9 would be to abandon our goals in education reform, and to abandon our schools and students as they strive to meet them.

Even more shocking is that the legislature chose to cut the education programs that help struggling students in order to preserve the excess money sitting in their legislative retirement fund. For our legislature to go so far overboard shows a stunning lack of commitment to reforming education, improving our schools, and helping students in New Mexico succeed. Nevertheless, I have directed the PED to voluntarily reduce below-the-line spending by \$4.5 million, which is consistent with cuts to other agencies across state government.

While the legislature passed measures that will help our financial position, they left several opportunities on the table. As I have said, we must consider every instance of excess, waste, and inefficiency—the use of state general funds to subsidize local

governments even as those double-dipping governments raise taxes; prevailing wage laws that inflate the cost of state infrastructure projects; duplicative and redundant health care coverage models; and others. As we watch the oil and gas industry closely, we must be prepared to tackle some of these issues next session, and we must continue to maintain fiscal responsibility in all of state government.

Respectfully yours,

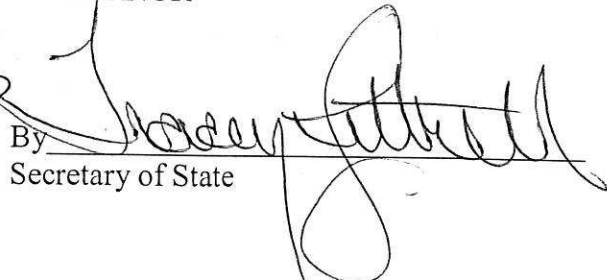


Susana Martinez
Governor

RECEIVED FROM THE OFFICE OF THE GOVERNOR

Time: 4:10 a.m. p.m.

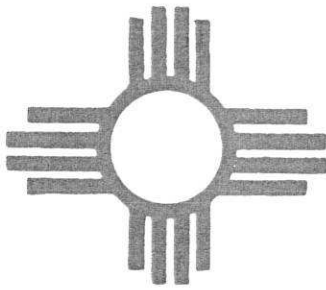
Date: October 24, 2016

By 
Secretary of State

Time: 4:11 a.m. p.m.

Date: 10-24, 2016

By 
Chief Clerk of the Senate



The Legislature
of the
State of New Mexico

52nd Legislature, 2nd Special Session

LAWS 2016

CHAPTER 6

SENATE BILL 9, as amended,

without emergency clause

Introduced by

SENATOR JOHN ARTHUR SMITH AND SENATOR STEVEN P. NEVILLE



PARTIAL VETO

CHAPTER 6

AN ACT

1
2 RELATING TO STATE EXPENDITURES; REDUCING LEGISLATIVE
3 APPROPRIATIONS IN LAWS 2016, CHAPTER 1; ENACTING A NEW
4 SECTION OF THE GENERAL APPROPRIATION ACT OF 2016 TO REDUCE
5 CERTAIN GENERAL FUND APPROPRIATIONS FOR FISCAL YEAR 2017;
6 MAKING AN APPROPRIATION.

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

9 SECTION 1. LEGISLATIVE BRANCH APPROPRIATION

10 REDUCTIONS.--The appropriations made from the general fund in
11 Laws 2016, Chapter 1, Sections 3 through 8 are reduced by
12 three percent rounded to the nearest one hundred dollars
13 (\$100). To meet the reductions required by this section and
14 maintain government efficiency, the New Mexico legislative
15 council shall determine the amount of reduction applied to
16 each legislative agency and purpose and may transfer amounts
17 from any of the appropriations in Laws 2016, Chapter 1 to any
18 other legislative appropriation where they may be amended.

19 SECTION 2. A new section of the General Appropriation
20 Act of 2016 is enacted to read:

21 "APPROPRIATION REDUCTIONS.--

22 A. Except as provided in Subsections B through J
23 of this section, all amounts set out under the general fund
24 column in Section 4 of the General Appropriation Act of 2016
25 are reduced by five and one-half percent rounded to the

1 nearest one hundred dollars (\$100).

2 B. The general fund appropriations in Section 4 of
3 the General Appropriation Act of 2016 for the university of
4 New Mexico, New Mexico state university, New Mexico highlands
5 university, western New Mexico university, eastern New Mexico
6 university, New Mexico institute of mining and technology,
7 northern New Mexico college, Santa Fe community college,
8 central New Mexico community college, Luna community college,
9 Mesalands community college, New Mexico junior college,
10 San Juan college, Clovis community college, New Mexico
11 military institute, New Mexico school for the blind and
12 visually impaired and New Mexico school for the deaf are
13 reduced by five percent rounded to the nearest one hundred
14 dollars (\$100). ~~The reductions provided for in this~~
15 ~~subsection shall be prioritized to the non-instructional~~
16 ~~expenditures of the educational institutions.~~

17 C. The general fund appropriations in Section 4 of
18 the General Appropriation Act of 2016 to the supreme court
19 law library, judicial standards commission, court of appeals,
20 supreme court, administrative office of the courts, supreme
21 court building commission, district courts, Bernalillo county
22 metropolitan court, district attorneys, administrative office
23 of the district attorneys and public defender department are
24 reduced by three percent rounded to the nearest one hundred
25 dollars (\$100).

1 D. The general fund appropriations in Section 4 of
2 the General Appropriation Act of 2016 to the following are
3 reduced by two and one-half percent rounded to the nearest
4 one hundred dollars (\$100):

- 5 (1) legislative building services; and
- 6 (2) for the human services department:
 - 7 (a) program support;
 - 8 (b) the child support enforcement
9 program;
 - 10 (c) the income support program; and
 - 11 (d) the behavioral health services
12 program.

13 E. The general fund appropriations in Section 4 of
14 the General Appropriation Act of 2016 to the following
15 programs of the corrections department are reduced by one and
16 one-half percent rounded to the nearest one hundred dollars
17 (\$100):

- 18 (1) the inmate management and control
19 program;
- 20 (2) the community offender management
21 program; and
- 22 (3) program support.

23 F. The general fund appropriations in Section 4 of
24 the General Appropriation Act of 2016 to the following are
25 not reduced:

- 1 (1) for the human services department:
2 (a) the medical assistance program; and
3 (b) medicaid behavioral health program;
4 (2) for the department of health:
5 (a) the facilities management program;
6 (b) the developmental disabilities
7 support program; and
8 (c) contracts for sexual assault
9 services and prevention in the epidemiology and response
10 program;
11 (3) the veterans' services department;
12 (4) the children, youth and families
13 department;
14 (5) the department of public safety;
15 (6) for the legislative council service, the
16 energy council dues; and
17 (7) for the public education department, the
18 special appropriations made in Subparagraphs (e), (j) and
19 (k).

20 G. The general fund appropriations in Section 4 of
21 the General Appropriation Act of 2016 to the following are
22 reduced as follows:

23 ~~SM (1) public education department special~~
24 ~~appropriations made in Subparagraphs (a) through (d), (f)~~
25 ~~through (i) and (l) through (t) are reduced by twenty two~~

1 ~~SM million dollars (\$22,000,000) in the aggregate, SM~~

2 (2) the state equalization guarantee
3 distribution for public school support is reduced by thirty-
4 seven million eight hundred thousand dollars (\$37,800,000);
5 provided that the secretary of public education shall set the
6 final unit value one and one-half percent lower than the
7 preliminary unit value by December 15, 2016 to account for
8 the reduction provided for in this paragraph, and the
9 reduction shall be prioritized to the non-instructional
10 expenditures of the school districts and charter schools, and
11 for fiscal year 2017, if the program cost made available is
12 insufficient to meet the level of state support required by
13 the special education maintenance of effort requirements of
14 Part B of the federal Individuals with Disabilities Education
15 Act, the public education department may reduce the state
16 equalization guarantee distribution in an amount that equals
17 the projected shortfall and distribute that amount to school
18 districts and charter schools in the same manner and on the
19 same basis as the state equalization guarantee distribution
20 to meet the level of support required by Part B of the
21 federal Individuals with Disabilities Education Act for
22 fiscal year 2017; and

23 (3) the transportation distribution,
24 supplemental distribution, instructional material fund, dual-
25 credit instructional materials, Indian education fund and

1 standards-based assessments are reduced by thirty million
2 dollars (\$30,000,000) in the aggregate.

3 H. Notwithstanding the provisions of the Public
4 School Finance Act and the Instructional Material Law, the
5 use of cash balances derived from general fund appropriations
6 for instructional materials and school transportation made in
7 fiscal year 2016 and previous fiscal years shall not be
8 restricted in fiscal year 2017 and may be transferred to the
9 operational fund. ~~The public education department shall
10 provide the legislative finance committee and the legislative
11 education study committee with a report on the amount spent
12 and transferred from the cash balances.~~

13 I. Notwithstanding the provisions of the Public
14 School Capital Improvements Act and the Public School
15 Buildings Act, property tax revenue generated from an
16 election pursuant to these acts in fiscal year 2017 or
17 previous fiscal years or cash balances derived from property
18 taxes imposed pursuant to these acts in previous fiscal years
19 may be used for any purpose; provided that, if a new purpose
20 is designated that does not conform with the original
21 resolution, a new resolution shall be submitted to the
22 qualified electors prior to repurposing any property tax
23 revenue imposed pursuant to the acts.

24 J. Notwithstanding the provisions of the
25 Instructional Material Law, a school district or charter

1 school may use up to one hundred percent of its 2017
2 instructional material allocation or cash balances derived
3 from prior allocations for instructional materials and other
4 classroom materials without restrictions on the use of funds
5 established in Subsection C of Section 22-15-9 NMSA 1978;
6 provided that the funds are used for instructional materials
7 and other classroom materials as defined in Section 22-15-2
8 NMSA 1978."

9 SECTION 3. A new section of the General Appropriation
10 Act of 2016 is enacted to read:

11 "OPERATING BUDGETS AND ALLOTMENTS REDUCED TO COMPLY--
12 DEPARTMENT OF FINANCE AND ADMINISTRATION.--The department of
13 finance and administration and, for legislative branch
14 reductions, the New Mexico legislative council shall reduce
15 fiscal year 2017 operating budgets and adjust allotments to
16 comply with the provisions of this 2016 act and may reduce
17 appropriations from other state funds, internal
18 service/interagency transfers and federal funds as necessary
19 to match the general fund reductions in the fiscal year 2017
20 operating budgets. The legislative finance committee shall
21 review the adjusted operating budgets in a timely manner."

22 ~~SECTION 4. TEMPORARY PROVISION REPORTS. The~~
23 ~~department of finance and administration, the higher~~
24 ~~education department for public post secondary educational~~
25 ~~institutions and special schools and the public education~~

1 ~~A department for public schools shall report the new operating~~
2 ~~budgets, including allotment adjustments, to the New Mexico~~
3 ~~legislative council, the legislative finance committee and~~
4 ~~the legislative education study committee on the~~
5 ~~implementation of this act for state government, public post-~~
6 ~~secondary educational institutions and public schools.~~
7 ~~Reports, including new operating budgets, shall be published~~
8 ~~on the departments' websites.~~ SM

9 SECTION 5. TEMPORARY PROVISION--FISCAL YEAR 2017--
10 BUDGET ADJUSTMENT REQUESTS--PUBLIC POST-SECONDARY EDUCATIONAL
11 INSTITUTIONS.--

12 A. For fiscal year 2017, upon approval of the
13 higher education department and review of the legislative
14 finance committee, the state budget division of the
15 department of finance and administration may approve a budget
16 adjustment request to transfer money to the category of
17 instruction and general purposes of up to twenty-five percent
18 of the following appropriations made pursuant to the General
19 Appropriation Act of 2016:

20 (1) from an appropriation to a university,
21 community college, branch campus or other institution
22 identified in Subsection C of this section, in the category
23 of appropriations classified as other;

24 (2) from an appropriation to a university,
25 community college, branch campus or other institution

1 identified in Subsection C of this section, for research and
2 public service projects or athletics;

3 (3) from an appropriation to a university
4 identified in Paragraphs (1) through (5) of Subsection C of
5 this section, for instructional television; and

6 (4) from an appropriation to a branch campus
7 of a university identified in Paragraphs (1) through (4) of
8 Subsection C of this section or to an institution identified
9 in Paragraphs (6) through (13) of Subsection C of this
10 section, for any purpose excluding instructional and general
11 purposes.

12 ~~SM B. The higher education department shall not~~
13 ~~approve a budget adjustment request to transfer money from an~~
14 ~~appropriation for a state agency or program administered by a~~
15 ~~university identified in Paragraphs (1) through (5) of~~
16 ~~Subsection C of this section. SM~~

17 C. The provisions of this section apply to the
18 following post-secondary educational institutions:

19 (1) the university of New Mexico, including
20 each of its branch campuses;

21 (2) New Mexico state university, including
22 each of its branch campuses;

23 (3) New Mexico highlands university,
24 including each of its branch campuses;

25 (4) eastern New Mexico university, including

1 each of its branch campuses;

2 (5) the New Mexico institute of mining and
3 technology;

4 (6) northern New Mexico college;

5 (7) Santa Fe community college;

6 (8) central New Mexico community college;

7 (9) Luna community college;

8 (10) Mesalands community college;

9 (11) New Mexico junior college;

10 (12) San Juan college;

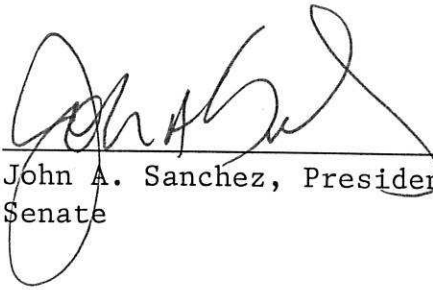
11 (13) Clovis community college; and

12 (14) the New Mexico military institute.

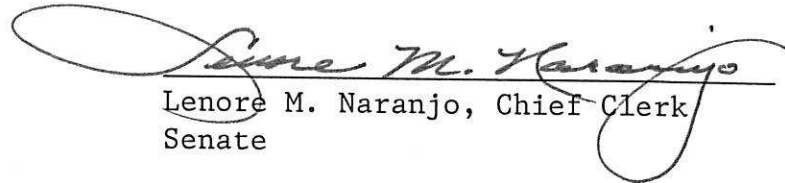
13 SECTION 6. APPROPRIATION.--One million dollars
14 (\$1,000,000) is appropriated from the general fund to the
15 department of finance and administration for expenditure in
16 fiscal year 2017 for distribution with approval of the state
17 board of finance to agencies experiencing hardships in fiscal
18 year 2017 resulting from reductions made in this act. SM The

19 ~~department of finance and administration shall report to the~~
20 ~~legislative finance committee and the legislative education~~
21 ~~study committee on expenditures made from this appropriation.~~ SM

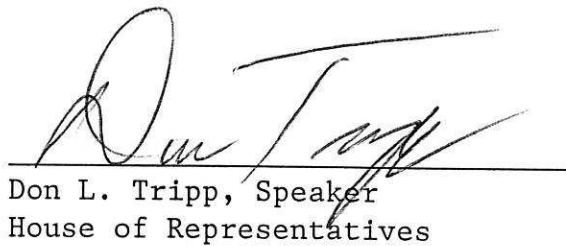
22 Any unexpended or unencumbered balance remaining at the end
23 of fiscal year 2017 shall revert to the general fund. _____



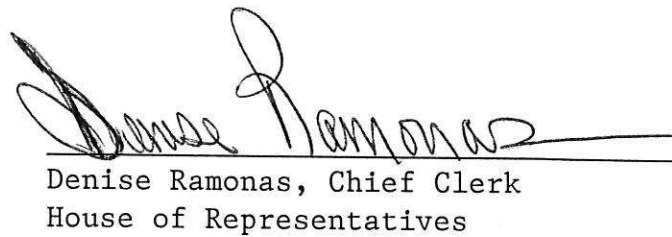
John A. Sanchez, President
Senate



Lenore M. Naranjo, Chief Clerk
Senate

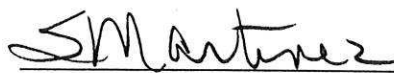


Don L. Tripp, Speaker
House of Representatives



Denise Ramonas, Chief Clerk
House of Representatives

Approved by me this 24th day of October, 2016



Governor Susana Martinez
State of New Mexico