

1 SENATE BILL 486

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023**

3 INTRODUCED BY

4 William E. Sharer and Crystal R. Diamond and William F. Burt

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10 AN ACT

11 RELATING TO THE STATE FISC; CAPPING THE GROWTH OF THE STATE  
12 BUDGET.

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14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 SECTION 1. A new section of Chapter 6, Article 3 NMSA  
16 1978 is enacted to read:

17 "[NEW MATERIAL] DEFINITIONS.--As used in Sections 1 and 2  
18 of this 2023 act:

19 A. "fiscal year spending" means the total amount of  
20 money appropriated from the general fund and other state funds  
21 in Section 4 of the general appropriation act, but "fiscal year  
22 spending" does not include money received from the federal  
23 government;

24 B. "population" means the number of people residing  
25 in New Mexico, excluding members of the armed forces of the

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1 United States stationed overseas, as estimated annually by the  
2 United States census bureau;

3 C. "rate of growth of gross state product" means  
4 the gross state product growth rate as computed by the United  
5 States bureau of economic analysis;

6 D. "rate of growth of personal income" means the  
7 personal income growth rate as computed by the United States  
8 bureau of economic analysis; and

9 E. "rate of inflation" means the year-over-year  
10 change in the consumer price index for all urban consumers,  
11 United States city average, all items, not seasonally adjusted,  
12 for the most recently available calendar year or its successor  
13 index as published by the United States department of labor."

14 SECTION 2. A new section of Chapter 6, Article 3 NMSA  
15 1978 is enacted to read:

16 "[NEW MATERIAL] EXPENDITURE CAP--CALCULATION.--

17 A. Except as provided in Subsection B of this  
18 section, for any fiscal year that commences on or after July 1,  
19 2025, the maximum annual percentage change in state fiscal year  
20 spending equals the lesser of the following rates, calculated  
21 for the average of the two fiscal years immediately preceding  
22 the regular legislative session:

23 (1) a rate equal to the sum of the rate of  
24 growth of the state's population and the rate of inflation;

25 (2) the rate of growth of personal income; or

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(3) the rate of growth of gross state product.

B. The legislature may appropriate a higher percentage change than calculated pursuant to Subsection A of this section only by a two-thirds' majority vote of both houses of the legislature following receipt by the legislature of a declaration of the governor that a higher-percentage appropriation is necessary for the public peace, health and safety."