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OFFICE OF
SECRETARY OF STATE

State of New Mexico

Susana Martinez
Governor

May 26, 2017

SENATE EXECUTIVE MESSAGE NO. 2

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

Honorable President Pro Tempore Papan and Members of the Senate:

I have this day SIGNED SENATE FINANCE COMMITTEE SUBSTITUTE FOR SENATE BILL 1, with emergency clause, enacted by the Fifty-Third Legislature, First Special Session, 2017, 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 3, I have vetoed lines 12 through 21.

On page 4, I have vetoed lines 5 through 12, lines 17 through 19, and lines 22 through 25.

On page 5, I have vetoed lines 1 and 2, and lines 7 through 24.

On page 11, I have vetoed the language beginning with the word "Except" on line 20 through the ";" on line 21.

On page 12, I have vetoed the language beginning with the word "Except" on line 25, through the remainder of the line, and on page 13 beginning with the word "Subsection" through the ";" on line 1.

This bill attempts to sweep some fund balances do not exist. We cannot balance a budget with funny money. New Mexicans expect real solutions, not checks that bounce.

Additionally, we have swept the funds of our state agencies repeatedly, and many of the important programs that rely on these funds cannot continue to function effectively with another sweep. For example, continuing to take from the Day-Care Fund will result in an inability to provide services for families and children in future years. The Educator Licensure Fund is necessary to support teachers in advancing their careers through the licensure process. The hypocrisy the Legislature has shown by sweeping funds that

SENATE EXECUTIVE MESSAGE NO. 2

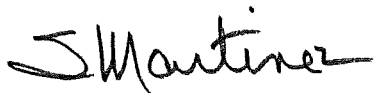
The Honorable Mary Kay Papen

May 26, 2017

Page 2

support important programs for professional development for teachers and early childhood education will hurt New Mexicans.

Respectfully yours,



Susana Martinez

Governor

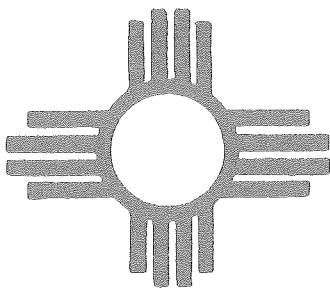
RECEIVED FROM THE OFFICE OF THE GOVERNOR

Time: 4:36 a.m. p.m.
Date: may 26th, 2017

By 
Secretary of State

Time: _____ a.m. p.m.
Date: _____, 2017

By _____
Chief Clerk of the Senate



The Legislature
of the
State of New Mexico

53rd Legislature, 1st Special Session

LAWS 2017

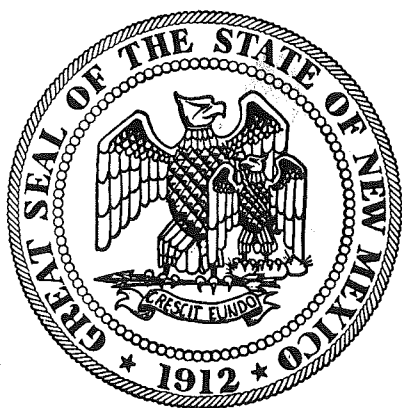
CHAPTER 1

SENATE FINANCE COMMITTEE SUBSTITUTE FOR

SENATE BILL 1, with emergency clause

Introduced by **EMERGENCY
CLAUSE**

PARTIAL VETO



CHAPTER 1

AN ACT

1
2 RELATING TO PUBLIC FINANCE; REQUIRING THE ISSUANCE OF SHORT-
3 TERM SUPPLEMENTAL SEVERANCE TAX BONDS TO RESTORE PAST GENERAL
4 FUND CAPITAL PROJECT APPROPRIATIONS; REQUIRING THE ISSUANCE
5 OF SEVERANCE TAX BONDS TO IMPLEMENT THE PUBLIC SCHOOL CAPITAL
6 OUTLAY ACT; SUSPENDING A PORTION OF THE SEVERANCE TAX BONDING
7 CAPACITY ALLOCATION FOR WATER PROJECTS; PROVIDING FOR
8 TRANSFERS TO THE GENERAL FUND FROM OTHER FUNDS AND ACCOUNTS;
9 MAKING APPROPRIATIONS; DECLARING AN EMERGENCY.

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

12 SECTION 1. SHORT-TERM SUPPLEMENTAL SEVERANCE TAX
13 BONDS--APPROPRIATION OF PROCEEDS.--In fiscal year 2017, the
14 state board of finance shall, in compliance with the
15 Severance Tax Bonding Act, issue and sell supplemental
16 severance tax bonds whose terms end on or before the end of
17 the fiscal year in an aggregate amount not to exceed eighty-
18 one million four hundred thousand dollars (\$81,400,000) when
19 the secretary of finance and administration certifies the
20 need for the bonds. The state board of finance shall issue
21 and sell the bonds as expeditiously and economically as
22 possible and take the appropriate steps necessary to comply
23 with the federal Internal Revenue Code of 1986, as amended.
24 Proceeds from the sale of the bonds are appropriated to the
25 general fund. The board of finance division of the

1 department of finance and administration shall transfer the
2 proceeds to the general fund for use by the department in
3 fiscal year 2017 to restore the allotments from the general
4 fund for capital project appropriations whose expenditure
5 periods end on or before June 30, 2016.

6 SECTION 2. SEVERANCE TAX BONDS--APPROPRIATION TO THE
7 PUBLIC SCHOOL CAPITAL OUTLAY FUND.--In fiscal years 2017 and
8 2018, the state board of finance shall, in compliance with
9 the Severance Tax Bonding Act and upon certification by the
10 public school capital outlay council that the need exists for
11 the issuance of the bonds, issue and sell severance tax bonds
12 in an aggregate amount not to exceed eighty-one million four
13 hundred thousand dollars (\$81,400,000). The state board of
14 finance shall issue and sell the bonds as expeditiously and
15 economically as possible and take the appropriate steps
16 necessary to comply with the federal Internal Revenue Code of
17 1986, as amended. Proceeds from the sale of the bonds are
18 appropriated to the public school capital outlay fund for use
19 by the public school capital outlay council to implement the
20 Public School Capital Outlay Act and are appropriated for
21 expenditure in fiscal years 2018 through 2022.

22 Notwithstanding the provisions of Subsection A of Section
23 22-24-4 NMSA 1978 to the contrary, the unexpended or
24 unencumbered balance remaining at the end of fiscal year 2022
25 shall revert to the severance tax bonding fund.

1 SECTION 3. TRANSFERS TO GENERAL FUND--FISCAL YEARS 2017
2 AND 2018.--

3 A. Eight million dollars (\$8,000,000) is
4 transferred from the New Mexico finance authority to the
5 appropriation account of the general fund in fiscal year
6 2018. Except as otherwise provided in the Tax Administration
7 Act, the amount is from the authority's fiscal year 2018
8 portion of the governmental gross receipts tax distributed to
9 the authority in accordance with Section 7-1-6.38 NMSA 1978
10 that is not otherwise pledged for payment of obligations of
11 the authority.

12 ~~3A B. Notwithstanding the prerequisite for~~
13 ~~authorization by the state board of finance set forth in~~
14 ~~Subsection B of Section 15-3B-17 NMSA 1978, five million~~
15 ~~dollars (\$5,000,000) is transferred from the capitol~~
16 ~~buildings repair fund to the general fund for use by the~~
17 ~~department of finance and administration in fiscal year 2017~~
18 ~~to restore the allotments from the general fund for~~
19 ~~appropriations whose expenditure periods end on or before~~
20 ~~June 30, 2016 and whose purposes the law allows for use of~~
21 ~~money in the capitol buildings repair fund.~~ ~~3M~~

22 C. Notwithstanding any restriction on the use of
23 money from the source, the following amounts are appropriated
24 from the following funds or accounts and are transferred to
25 the fiscal year 2017 appropriation account of the general

1 fund:

2 (1) sixteen thousand eight hundred eighty-
3 eight dollars (\$16,888) from the discount prescription drug
4 program fund;

5 ~~SM (2) eight hundred eight thousand dollars~~
6 ~~(\$808,000) from the property control reserve fund;~~

7 ~~(3) one million dollars (\$1,000,000) from~~
8 ~~the public liability fund;~~

9 ~~(4) one million dollars (\$1,000,000) from~~
10 ~~the public property reserve fund;~~

11 ~~(5) one million dollars (\$1,000,000) from~~
12 ~~the workers' compensation retention fund; SM~~

13 (6) ninety-one thousand seven hundred forty-
14 five dollars (\$91,745) from the pharmacy fund;

15 (7) fifty thousand dollars (\$50,000) from
16 the board of dental health care fund;

17 ~~SM (8) forty three thousand two hundred dollars~~
18 ~~(\$43,200) from the construction industries division~~
19 ~~publications revolving fund; SM~~

20 (9) seventeen thousand five hundred dollars
21 (\$17,500) from the interior design board fund;

22 ~~SM (10) one thousand three hundred eighty seven~~
23 ~~dollars (\$1,387) from the insurance examination fund;~~

24 ~~(11) eight thousand dollars (\$8,000) from~~
25 ~~the board of nursing fund; SM~~

1 ~~SA~~ (12) ~~one hundred forty thousand two hundred~~
2 ~~dollars (\$140,200) from the radiologic technology fund; SM~~

3 (13) eighty-five thousand dollars (\$85,000)
4 from the solid waste facility grant fund;

5 (14) thirty thousand dollars (\$30,000) from
6 the voluntary remediation fund;

7 ~~SA~~ (15) ~~five hundred thousand dollars~~
8 ~~(\$500,000) from the day care fund;~~

9 ~~(16) three hundred fifty thousand dollars~~
10 ~~(\$350,000) from the community corrections grant fund;~~

11 ~~(17) two hundred fifty thousand dollars~~
12 ~~(\$250,000) from the educator licensure fund;~~

13 ~~(18) eighty thousand one hundred forty five~~
14 ~~dollars (\$80,145) from the teacher professional development~~
15 ~~fund;~~

16 ~~(19) eighty one thousand seven hundred~~
17 ~~seventeen dollars (\$81,717) from the incentives for school~~
18 ~~improvement fund;~~

19 ~~(20) fourteen thousand two hundred ninety~~
20 ~~two dollars (\$14,292) from the charter schools stimulus fund;~~

21 ~~(21) fourteen thousand two hundred sixty~~
22 ~~three dollars (\$14,263) from the educational technology fund;~~

23 ~~(22) one thousand one hundred seventy eight~~
24 ~~dollars (\$1,178) from the family and youth resource fund; SM~~

25 (23) one hundred thirty-nine thousand nine

1 hundred dollars (\$139,900) from the higher education program
2 development enhancement fund; and

3 (24) two hundred ninety-nine thousand five
4 hundred dollars (\$299,500) from the higher education
5 endowment fund.

6 SECTION 4. Section 7-27-10.1 NMSA 1978 (being Laws
7 2003, Chapter 134, Section 1, as amended) is amended to read:

8 "7-27-10.1. BONDING CAPACITY--AUTHORIZATION FOR
9 SEVERANCE TAX BONDS--PRIORITY FOR WATER PROJECTS AND TRIBAL
10 INFRASTRUCTURE PROJECTS.--

11 A. By January 15 of each year, the division shall
12 estimate the amount of bonding capacity available for
13 severance tax bonds to be authorized by the legislature.

14 B. For each year except 2017, the division shall
15 allocate nine percent of the estimated bonding capacity each
16 year for water projects, and the legislature authorizes the
17 state board of finance to issue severance tax bonds in the
18 annually allocated amount for use by the water trust board to
19 fund water projects statewide. The water trust board shall
20 certify to the state board of finance the need for issuance
21 of bonds for water projects. The state board of finance may
22 issue and sell the bonds in the same manner as other
23 severance tax bonds in an amount not to exceed the authorized
24 amount provided for in this subsection. If necessary, the
25 state board of finance shall take the appropriate steps to

1 comply with the federal Internal Revenue Code of 1986, as
2 amended. Proceeds from the sale of the bonds are
3 appropriated to the water project fund in the New Mexico
4 finance authority for the purposes certified by the water
5 trust board to the state board of finance.

6 C. The division shall allocate the following
7 percentage of the estimated bonding capacity for tribal
8 infrastructure projects:

- 9 (1) in 2016, six and one-half percent; and
10 (2) in 2017 and each subsequent year, four
11 and one-half percent.

12 D. The legislature authorizes the state board of
13 finance to issue severance tax bonds in the amount provided
14 for in this section for use by the tribal infrastructure
15 board to fund tribal infrastructure projects. The tribal
16 infrastructure board shall certify to the state board of
17 finance the need for issuance of bonds for tribal
18 infrastructure projects. The state board of finance may
19 issue and sell the bonds in the same manner as other
20 severance tax bonds in an amount not to exceed the authorized
21 amount provided for in this section. If necessary, the state
22 board of finance shall take the appropriate steps to comply
23 with the federal Internal Revenue Code of 1986, as amended.
24 Proceeds from the sale of the bonds are appropriated to the
25 tribal infrastructure project fund for the purposes certified

1 by the tribal infrastructure board to the state board of
2 finance.

3 E. Money from the severance tax bonds provided for
4 in this section shall not be used to pay indirect project
5 costs. Any unexpended balance from proceeds of severance tax
6 bonds issued for a water project or a tribal infrastructure
7 project shall revert to the severance tax bonding fund within
8 six months of completion of the project. The New Mexico
9 finance authority shall monitor and ensure proper reversions
10 of the bond proceeds appropriated for water projects, and the
11 department of finance and administration shall monitor and
12 ensure proper reversions of the bond proceeds appropriated
13 for tribal infrastructure projects.

14 F. As used in this section:

15 (1) "division" means the board of finance
16 division of the department of finance and administration;

17 (2) "tribal infrastructure project" means a
18 qualified project under the Tribal Infrastructure Act; and

19 (3) "water project" means a capital outlay
20 project for:

21 (a) the storage, conveyance or delivery
22 of water to end users;

23 (b) the implementation of federal
24 Endangered Species Act of 1973 collaborative programs;

25 (c) the restoration and management of

1 watersheds;

2 (d) flood prevention; or

3 (e) conservation, recycling, treatment
4 or reuse of water."

5 SECTION 5. Section 7-27-12 NMSA 1978 (being Laws 1961,
6 Chapter 5, Section 10, as amended by Laws 2001, Chapter 37,
7 Section 1 and by Laws 2001, Chapter 338, Section 1) is
8 amended to read:

9 "7-27-12. WHEN SEVERANCE TAX BONDS TO BE ISSUED.--

10 A. The state board of finance shall issue and sell
11 all severance tax bonds when authorized to do so by any law
12 that sets out the amount of the issue and the recipient of
13 the money.

14 B. The state board of finance shall also issue and
15 sell severance tax bonds authorized by Sections 72-14-36
16 through 72-14-42 NMSA 1978, and such authority as has been
17 given to the interstate stream commission to issue and sell
18 such bonds is transferred to the state board of finance. The
19 state board of finance shall issue and sell all severance tax
20 bonds only when so instructed by resolution of the governing
21 body or by written direction from an authorized officer of
22 the recipient of the bond money.

23 C. Except as provided in Subsection D of this
24 section, proceeds from supplemental severance tax bonds shall
25 be used only for public school capital outlay projects

1 pursuant to the Public School Capital Outlay Act or the
2 Public School Capital Improvements Act.

3 D. Proceeds from supplemental severance tax bonds
4 issued pursuant to Paragraph (2) of Subsection A of Section
5 19 of Chapter 6 of Laws 1999 (1st S.S.) and Section 1 of this
6 2017 act shall be used for the purposes specified in those
7 provisions.

8 E. Except as provided in Subsection F of this
9 section, the state board of finance shall issue and sell all
10 supplemental severance tax bonds when so instructed by
11 resolution of the public school capital outlay council
12 pursuant to Section 7-27-12.2 NMSA 1978.

13 F. The state board of finance shall issue and sell
14 the supplemental severance tax bonds authorized by:

15 (1) Paragraph (2) of Subsection A of Section
16 19 of Chapter 6 of Laws 1999 (1st S.S.) when so instructed by
17 resolution of the commission on higher education; and

18 (2) Section 1 of this 2017 act upon
19 certification by the secretary of finance and administration
20 of the need to use proceeds from those bonds as outlined in
21 that section."

22 SECTION 6. Section 15-3B-17 NMSA 1978 (being Laws 1972,
23 Chapter 74, Section 4, as amended) is amended to read:

24 "15-3B-17. CAPITOL BUILDINGS REPAIR FUND--CREATION--
25 EXPENDITURES.--

1 A. The "capitol buildings repair fund" is created
2 in the state treasury. To this fund shall be transferred,
3 after payments required by Laws 1997, Chapter 178, Section 1
4 to the New Mexico finance authority, all income, including
5 distributions from the land grant permanent fund derived from
6 lands granted to the state by the United States congress for
7 legislative, executive and judicial public buildings. Two
8 percent of this fund shall be transferred annually to a
9 "state capitol maintenance fund", hereby created, as a
10 special perpetual fund for the upkeep and maintenance of the
11 capitol renovation and capitol grounds.

12 B. The capitol buildings repair fund may be used
13 to repair, remodel and equip capitol buildings and adjacent
14 lands, to repair or replace building machinery and building
15 equipment located in capitol buildings and to contract for
16 options, no one of which costs more than ten thousand dollars
17 (\$10,000), to purchase real estate to be put to state use.
18 Any money used for consideration in acquiring an option to
19 purchase real estate shall be applied against the purchase
20 price of the real estate if the option is exercised. ~~Except~~
21 ~~as provided in Subsection B of Section 3 of this 2017 act,~~ ~~no~~
22 money shall be expended from the capitol buildings repair
23 fund without authorization of the state board of finance.

24 C. In the event a capital outlay project exceeds
25 authorized project cost by five percent or less, the state

1 board of finance may authorize the division to supplement the
2 authorized cost by an allocation not to exceed five percent
3 of the authorized cost from the capitol buildings repair fund
4 to the extent of the unencumbered and unexpended balance of
5 the fund."

6 SECTION 7. Section 61-3-27 NMSA 1978 (being Laws 1968,
7 Chapter 44, Section 23, as amended by Laws 2017, Chapter 136,
8 Section 7) that is to become effective June 16, 2017 is
9 amended to read:

10 "61-3-27. FUND ESTABLISHED--DISPOSITION--METHOD OF
11 PAYMENT.--

12 A. There is created a "board of nursing fund".

13 B. Except as provided in Sections 61-3-10.5 and
14 61-3-10.6 NMSA 1978, all funds received by the board and
15 money collected under the Nursing Practice Act and the
16 Lactation Care Provider Act shall be deposited with the state
17 treasurer. The state treasurer shall place the money to the
18 credit of the board of nursing fund. Any income earned on
19 investment of the fund shall remain in the fund.

20 C. Payments out of the board of nursing fund shall
21 be on vouchers issued and signed by the person designated by
22 the board upon warrants drawn by the department of finance
23 and administration in accordance with the budget approved by
24 the department.

25 D. ~~Except as provided in Paragraph (11) of~~ *JM*

1 ~~SM~~ Subsection C of Section 3 of this 2017 act, ~~SM~~ all amounts paid
2 into the board of nursing fund shall be subject to the order
3 of the board and shall only be used for the purpose of
4 meeting necessary expenses incurred in the enforcement of the
5 purposes of the Nursing Practice Act and the Lactation Care
6 Provider Act, the duties imposed by those acts and the
7 promotion of nursing and lactation care provider education
8 and standards in this state. All money unused at the end of
9 the fiscal year shall remain in the board of nursing fund for
10 use in accordance with the provisions of the Nursing Practice
11 Act and the Lactation Care Provider Act to further the
12 purposes of those acts.

13 E. All funds that may have accumulated to the
14 credit of the board under any previous act shall be continued
15 for use by the board in administration of the Nursing
16 Practice Act and the Lactation Care Provider Act.

17 F. As used in this section, "lactation care
18 provider" means a person licensed by the board pursuant to
19 the Lactation Care Provider Act to provide lactation care and
20 services."

21 SECTION 8. Section 61-5A-26 NMSA 1978 (being Laws 1994,
22 Chapter 55, Section 26, as amended) is amended to read:

23 "61-5A-26. FUND ESTABLISHED.--

24 A. There is created in the state treasury the
25 "board of dental health care fund".

1 B. All money received by the board and money
2 collected under the Dental Health Care Act shall be deposited
3 with the state treasurer. The state treasurer shall credit
4 this money to the board of dental health care fund except
5 money collected for the impaired assessment, which shall be
6 held separate from the board fund. Fees collected by the
7 board from fines shall be deposited in the board of dental
8 health care fund and, at the discretion of the board and the
9 committee, may be transferred into the impaired dentists and
10 dental hygienists fund.

11 C. Payment out of the board of dental health care
12 fund shall be on vouchers issued and signed by the secretary-
13 treasurer of the board upon warrants drawn by the department
14 of finance and administration in accordance with the budget
15 approved by that department.

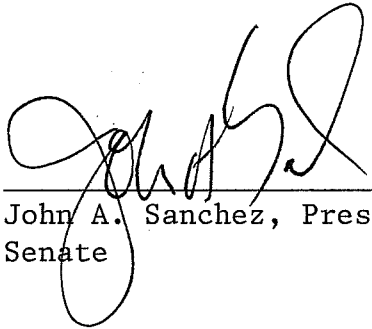
16 D. Except as provided in Paragraph (7) of
17 Subsection C of Section 3 of this 2017 act, all amounts paid
18 into the board of dental health care fund are subject to the
19 order of the board and are to be used only for meeting
20 necessary expenses incurred in executing the provisions and
21 duties of the Dental Health Care Act. All money unused at
22 the end of any fiscal year shall remain in the fund for use
23 in accordance with provisions of the Dental Health Care Act.

24 E. All funds that have accumulated to the credit
25 of the board under any previous law shall be continued for

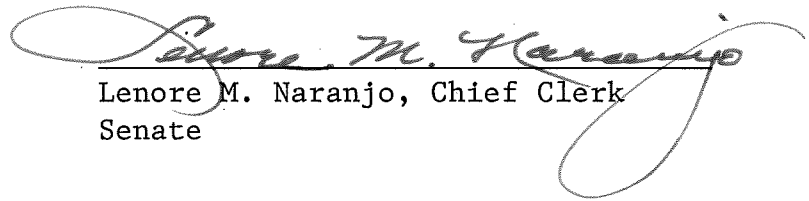
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use by the board in administration of the Dental Health Care Act."

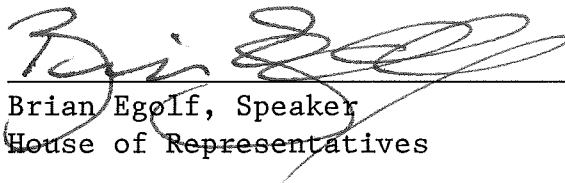
SECTION 9. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.



John A. Sanchez, President
Senate



Lenore M. Naranjo, Chief Clerk
Senate

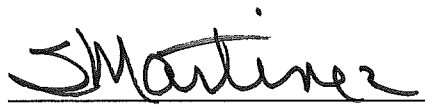


Brian Egolf, Speaker
House of Representatives



Lisa M. Ortiz McCutcheon, Chief Clerk
House of Representatives

Approved by me this 26th day of May, 2017



Governor Susana Martinez
State of New Mexico