

March 9, 2022

Summary of House Bill 2 - The 2022 General Appropriation Act Vetoes

Vetoes of General Appropriation Act Appropriations in Laws 2022, Chapter 54 (HB 2)

Highlights. The governor did not veto any recurring appropriations in Section 4 (FY23 recurring appropriations and performance targets for the operation of state agencies, public schools, and colleges) of House Bill 2 (the General Appropriation Act of 2022) but vetoed \$4.2 million of a recurring appropriation from the general fund for public employee health premium increases in Section 8 of the bill. The governor vetoed another \$12.8 million in nonrecurring appropriations as follows:

- \$5.3 million for improvements to Red Rock Park in Gallup, site of the annual intertribal ceremony;
- \$3.5 million for waste water treatment facility at the Santa Fe opera; and
- \$4 million from legislative cash balances for improvements to the state capitol building.

Remaining vetoes were language only. See attachment for a full list of all vetoes.

Supplemental GAA. The governor vetoed all of SB48, "House Bill 2 junior," which contained \$25.2 million in recurring appropriations and \$25.2 million in nonrecurring appropriations.

General Fund Reserves. The preliminary financial summary shows FY23 ending general fund balances of \$2.49 billion, or 29.4 percent after action on all legislation.

Summary of Senate Bill 212 - Severance Tax Bond Project Vetoes

Vetoes of Severance Tax Bond Appropriations in Laws 2022, Chapter 53 (SB 212)

Highlights: The governor vetoed \$4.6 million in severance tax bond projects in Senate Bill 212 (SB212), or about 0.6% of the total appropriations in the bill. The governor vetoed two capital appropriations of \$1 million or more:

- \$1,115,000 to plan, design, construct, renovate and equip a swimming pool in Milan
- \$1,000,000 to acquire land and to plan, design, construct, renovate, furnish and equip municipal complexes, including plazas, a natatorium, recreation center, an amphitheater and a sports complex expansion in Sunland Park

The governor vetoed seven additional appropriations over \$150,000, including two projects in Cibola County and five projects associated with higher education institutions:

- \$150,000 to plan, design and construct a memorial sculpture to New Mexican miners at the New Mexico Institute of Mining and Technology in Socorro
- \$300,000 to plan, design, construct, improve and equip parks in Grants
- \$245,500 to plan, design, construct and equip improvements to the Grants Recreation Center in Grants
- \$150,000 to plan, design, purchase, furnish and install furnishings and equipment for classrooms, laboratories, testing facilities, learning spaces and student areas at the Ruidoso branch of Eastern New Mexico University
- \$375,000 to purchase and install equipment for KENW-TV at Eastern New Mexico University in Portales
- \$150,000 to acquire property at the former Sierra Mall for the Ruidoso branch of Eastern New Mexico University
- \$430,000 to plan, design, construct, renovate and improve the Fabian Garcia Science Center, including the purchase and installation of equipment and demonstration equipment, at New Mexico State University

The governor vetoed 12 additional appropriations, including all appropriations under \$10,000.

Additional Veto Detail:

- \$100,000 to plan, design, construct, equip and furnish wastewater system improvements for the golf course in Silver City
- \$100,000 to plan, design, construct, equip and install improvements and to upgrade the furnishings at the Fort Bayard New Deal theater in Santa Clara
- \$100,000 to plan, design, and construct bridge and road improvements to County Road 5 in Seboyeta
- \$4,000 to purchase and install information technology, including related equipment, furniture and infrastructure for digital touch screens and classroom presentation board, at Bellehaven Elementary School in the Albuquerque Public School District
- \$6,500 to plan, design and construct improvements to connect and expand water lines, sewer mains and backflow prevention equipment in the Talpa Community Center in Taos County
- \$6,000 to purchase an enclosure for an excavator for the Acequia de Arriba in Taos County
- \$50,000 to plan, design, construct and improve the Poole open space property in Albuquerque
- \$80,000 to plan and design a feasibility study to evaluate and improve emergency medical services in Colfax County

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- \$2,900 to develop, plan, design, construct, purchase, equip and install seating and lighting for a veterans' park in Roy
 - \$50,000 to purchase and equip information technology improvements, including financial management systems and records management systems, for Bernalillo
 - \$50,000 to plan, design and construct improvements to Ouray Road NW in Albuquerque
 - \$60,000 to perform a feasibility study and to plan, design and construct a makerspace building at Center New Mexico Community College in Albuquerque
 - \$25,000 to plan, design, construct, demolish, expand, furnish and install improvements, including information technology, for the trades and applied technologies facilities projects at Central New Mexico Community College campuses in Bernalillo and Sandoval counties
 - \$50,000 to upgrade equipment and infrastructure to improve connectivity between remote sites for Eastern New Mexico University KENW television sites
 - \$25,000 to plan, design, construct, repair, renovate and equip residence life and student housing facilities at the University of New Mexico.

Laws 2022, Chapter 54, General Appropriation Act Vetoes

(thousands of dollars)

Item #	Page	Code	Agency	General Fund	OSF/ISIA/ FF	Language Only	Veto Description
1	Page 58, Line 19		State Fair			X	Strikes "foundation" from language specifying \$200 to the African American performing arts center.
2	Page 82, Lines 2-12		Early Childhood Services and Care Dept.			X	Strikes language specifying expenditures of failed contingency appropriations for early childhood services.
3	Page 86, Line 20		Human Services Department			X	Strikes "hospital" from language providing increased appropriations for hospital rates and expands the use of the appropriation.
4	Page 102, Lines 17-20		Department of Health			X	Strikes language specifying expenditures of failed contingency appropriations.
5	Page 112, Lines 19-23		Children, Youth and Families Dept.			X	Strikes language specifying expenditures of failed contingency appropriations for domestic violence treatment programs.
6	Page 118, Line 9		Corrections Department			X	Strikes "evidence-based" from \$10.7 million appropriation for evidence-based programming to expand the uses of funding.
7	Page 119, Lines 22-23		Crime Victims Reparation Commission			X	Expands uses of \$956 thousand appropriation by striking the category of funding and purpose statement.
8	Page 120, Lines 12-16		Crime Victims Reparation Commission			X	Strikes language specifying expenditures of failed contingency appropriations for child advocacy center.
9	Page 130		Public Education Department			X	Strikes "evidence-based" in multiple appropriations to expand the use of the appropriations.
10	Page 132		Higher Education preamble			X	Strikes oversight language requiring reporting to the legislature and Legislative Finance Committee.
11	Page 133, Line 24		Higher Education Department			X	Strikes category of appropriations for adult literacy programs.
12	Page 134, Line 7		Higher Education Department			X	Strikes "after consultation with the Legislative Finance Committee"
13	Page 135		Higher Education Department			X	Strikes language in order expand the opportunity scholarship to other students and strikes reporting requirements and reversion provision of unspent funds.
14	Page 174		Public School Support			X	Strikes "Legislative Finance Committee and Legislative Education Study Committee" from language requiring consultation on setting the unit value.
15	Page 178		Public School Support			X	Strikes "evidence-based" in multiple appropriations to expand the use of the appropriations.
16			Section 4 Total	\$ -	\$ -		
17	Page 183, Lines 14-17		Legislature		\$ (4,000.0)		Strikes the appropriation and language for capitol building system upgrades and renovations.
18	Page 187 & 188		Administrative Office of the DAs			X	Strikes "Legislative Finance Committee" from reporting requirements.
19	Page 189, Lines 13-16		Department of Finance & Administration			X	Strikes appropriation and language for a failed contingent appropriation for infant surrender safety devices.
20	Page 190, Line 10-11		Department of Finance & Administration			X	Strikes language specifying the purpose of the appropriation and directs funding to the law enforcement retention fund.
21	Page 190, Lines 13-16		Department of Finance & Administration	\$ (300.0)			Strikes appropriation for the city of Gallup to renovate Red Rock park.
22	Page 192, Lines 13-14		Economic Development Dept.			X	Strikes requirement for EDD to work "to expand and construction the Rio Grande trail in conjunction" with the Rio Grande trail commission.
23	Page 194, Line 21		Youth Conservation Corps			X	Strikes legislative oversight language.
24	Page 197, Line 21		Department of Environment			X	Strikes language related to ozon pollution generated outside the state.
25	Page 207, Lines 19-20		General Services Dept.			X	Strikes language funding is contingent on COVID-19 costs not being reimbursed by FEMA.
26	Page 208, Line 15		Gaming Control Board			X	Strikes "governor exempt appointments" and FY21 to expand the year and purpose for the deficiency/supplemental appropriation.
27	Page 209, Lines 2-3		Intertribal Ceremonial Office			X	Strikes "to McKinley county" as the recipient of the appropriation.
28	Page 209, Line 14		Department of Health			X	Strikes "supporting decentralized medication management"
29	Page 212, Lines 23-24		Gaming Control Board			X	Strikes provision for the agency to finish and implement the new system at the end of FY23 when the reauthorized funds would expire.
30	Page 213, Lines 8-10		Energy, Minerals, and Natural Resources Department			X	Strikes provision for the agency to finish and implement the new system at the end of FY23.
31	Page 213, Line 12		Commissioner of Public Lands			X	Strikes the name of the system software.
32			Section 5,6,7 Total	\$ (300.0)	\$ (4,000.0)		

Item #	Page	Code	Agency	General Fund	OSF/ISIA/ FF	Language Only	Veto Description
33	Page 222, Lines 4-7		Public Employee Health Plans	\$ (4,230.1)			Strikes appropriations for health insurance premium increases.
34			Section 8 Total	\$ (4,230.1)	\$ -		
35	Page 223, Line 9		Department of Transportation			X	Strikes "for rural infrastructure accelerator grant program for" and expands the purpose to any planning for I-40 and I-25
36			Section 9 Total	\$ -	\$ -		
37	Pages 225-226		Department of Finance & Admin			X	Strikes "evidence-based" and "community oriented policing or other evidence based forms" of police training from multiple provisions for law enforcement and criminal justice appropriations and strikes annual spending caps.
38	Pages 226-227		Department of Finance & Admin			X	Strikes language for failed contingent appropriation for a destination based sourcing safety net fund.
39	Page 227, Lines 4-11		Department of Finance & Admin			X	Strikes language for failed contingent appropriation for a public private partnership fund.
40	Page 227, Lines 12-15		Department of Finance & Admin	\$ (5,000.0)			Strikes appropriation for improvements to red rock park in Gallup
41	Page 229, Line 4		Economic Development Department			X	Strikes "in Albuquerque in Bernalillo county" provision from appropriation for studio facilities.
42	Page 229, Line 15		State Fair			X	Strikes "public health orders"
43	Page 229, Line 19		Cumbres and Toltec Scenic Railroad			X	Strikes "public health orders"
44	Page 230		Human Services Department			X	Strikes provision requiring funding to be used for assistance "of up to \$750 per household" and for residents "that do not qualify for other federal aid" expanding the uses of the appropriation.
45	Page 231		Human Services Department/Workforce Solutions Dept.			X	Strikes "evidence-based" from provisions.
46	Page 231, Lines 22-25		Department of Environment	\$ (3,500.0)			Strikes appropriation for wastewater treatment facility at the Santa Fe opera.
47	Pages 232-233		Higher Education Department			X	Strikes language in order expand the opportunity scholarship to other students and strikes reporting requirements.
48			Section 10 Total	\$ (8,500.0)			
49	Page 246		Department of Environment			X	Strikes "for claims" from BAR purpose to use corrective action fund.
50			Grand Total	\$ (13,030.1)	\$ (4,000.0)		

General Fund Financial Summary:
2022 Regular Legislative Session (Post-Veto)
(millions of dollars)

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	Audited FY2021	Estimate FY2022	Estimate FY2023
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
August 2021 Consensus Revenue Forecast	\$ 8,045.7	\$ 8,108.6	\$ 8,841.7
December 2021 Consensus Revenue Update	\$ 39.4	\$ 54.4	\$ 207.4
2022 Recurring Revenue Legislation Scenario	\$ -	\$ -	\$ (203.7)
Total Recurring Revenue	\$ 8,085.1	\$ 8,163.1	\$ 8,845.4
Percent Change in Recurring Revenue	2.9%	1.0%	8.4%
Nonrecurring Revenue			
Federal Stimulus Funds	\$ 750.0	\$ 1,069.2	\$ -
2021 Nonrecurring Revenue Legislation (post-veto)	\$ (148.8)	\$ (8.2)	\$ -
August 2021 Consensus Revenue Forecast	\$ 82.6	\$ -	\$ -
December 2021 Consensus Revenue Update	\$ 32.0		
2022 Nonrecurring Revenue Legislation Scenario		\$ -	\$ (325.5)
Total Nonrecurring Revenue	\$ 715.8	\$ 1,061.0	\$ (325.5)
TOTAL REVENUE	\$ 8,801.0	\$ 9,224.0	\$ 8,519.9
APPROPRIATIONS			
Recurring Appropriations			
2020 Regular Session Legislation & Feed Bill	\$ 7,621.4	\$ -	
2020 Special Session Solvency Savings ¹	\$ (411.9)	\$ -	
2021 Regular and Special Sessions Legislation & Feed Bill (pre-veto)	\$ 10.0	\$ 7,449.7	
2022 Regular Session Recurring Legislation & Feed Bill	\$ -	\$ 7.6	\$ 8,458.2
Total Recurring Appropriations	\$ 7,219.5	\$ 7,457.3	\$ 8,458.2
2020 Special Session Federal Funds Swaps	\$ (146.6)		
Total Operating Budget	\$ 7,072.9	\$ 7,457.3	\$ 8,458.2
Nonrecurring Appropriations			
2020 Session Nonrecurring Appropriations & Legislation	\$ 320.0	\$ -	
2020 First Special Session Solvency Savings ¹	\$ (20.0)	\$ -	
2020 Second Special Session Appropriations	\$ 329.2	\$ -	
2021 Regular and Special Session ARPA Appropriations (post-veto)	\$ 931.0	\$ 346.1	
2022 Regular Session ARPA Related Nonrecurring	\$ -	\$ 448.7	\$ 135.0
2022 Regular Session Nonrecurring	\$ -	\$ 1,011.7	\$ 100.0
Total Nonrecurring Appropriations	\$ 1,560.2	\$ 1,806.6	\$ 235.0
Subtotal Recurring and Nonrecurring Appropriations	\$ 8,633.1	\$ 9,263.9	\$ 8,693.2
<u>Audit Adjustments</u>			
2021 GAA Audit Adjustment	\$ 11.5		
2020 GAA Undistributed Nonrecurring Appropriations ²	\$ 259.5		
2019 GAA Undistributed Nonrecurring Appropriations ³			
TOTAL APPROPRIATIONS	\$ 8,904.1	\$ 9,263.9	\$ 8,693.2
Transfer to (from) Operating Reserves	\$ (103.2)	\$ (314.9)	\$ (38.3)
Transfer to (from) Appropriation Contingency Fund		\$ 275.0	\$ (135.0)
TOTAL REVENUE LESS TOTAL APPROPRIATIONS		\$ (39.9)	\$ (173.3)
GENERAL FUND RESERVES			
Beginning Balances	\$ 2,513.5	\$ 2,504.8	\$ 2,557.4
Transfers from (to) Appropriations Account	\$ (103.2)	\$ (314.9)	\$ (38.3)
Revenue and Reversions	\$ 589.0	\$ 2,055.4	\$ 583.2
Appropriations, Expenditures and Transfers Out	\$ (504.5)	\$ (1,687.9)	\$ (613.1)
Ending Balances	\$ 2,504.8	\$ 2,557.4	\$ 2,489.3
Reserves as a Percent of Recurring Appropriations	35.4%	34.3%	29.4%

Notes:

1) Laws 2020 First Special Session, Chapter 3 and Chapter 5

2) Many nonrecurring appropriations, including specials and supplementals in the 2020 GAA, had authorization to spend in FY20 or FY21 - amounts that were not allotted in FY20 become encumbrances for FY21

* Note: totals may not foot due to rounding

**General Fund Financial Summary:
2022 Regular Legislative Session (Post-Veto)**

RESERVE DETAIL
(millions of dollars)

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	Audited FY2021	Estimate FY2022	Estimate FY2023
OPERATING RESERVE			
Beginning Balance	\$ 507.2	\$ 347.5	\$ 92.6
BOF Emergency Appropriations/Reversions		\$ (2.5)	\$ (2.5)
Transfers from/to Appropriation Account	\$ (103.2)	\$ (314.9)	\$ (38.3)
Transfers to Tax Stabilization Reserve	\$ -	\$ -	\$ -
Disaster Allotments ¹	\$ (6.7)	\$ -	\$ -
Transfer from (to) ACF/Other Appropriations	\$ (50.0)	\$ -	\$ -
Revenues and Reversions	\$ 0.1	\$ -	\$ -
Transfers from tax stabilization reserve	\$ -	\$ -	\$ -
Transfers from tax stabilization reserve to restore balance to 1 percent ⁴	\$ -	\$ 62.6	\$ 35.1
Ending Balance	\$ 347.5	\$ 92.6	\$ 86.9
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	\$ 6.7	\$ 55.5	\$ 322.5
Disaster Allotments	\$ (13.0)	\$ (16.0)	\$ (16.0)
Appropriation from 2021 Second Special Session		\$ (345.4)	
Other Appropriations (including 2022 Regular Session)	\$ -	\$ (448.7)	\$ (130.0)
Transfers In ⁹	\$ 50.0	\$ 1,069.2	\$ -
Revenue and Reversions	\$ 11.7	\$ 8.0	\$ 8.0
Ending Balance	\$ 55.5	\$ 322.5	\$ 184.5
STATE SUPPORT FUND			
Beginning Balance	\$ 29.1	\$ 4.0	\$ 10.4
Revenues ²	\$ -	\$ 15.5	\$ -
Appropriations to State Support Reserve Fund ⁷	\$ 20.9	\$ 30.0	\$ -
Impact Aid Liability FY20	\$ (20.9)	\$ (39.1)	
Impact Aid Liability FY21	\$ (35.1)		\$ -
Audit Adjustments ⁶	\$ 10.0	\$ -	\$ -
Ending Balance	\$ 4.0	\$ 10.4	\$ 10.4
TOBACCO SETTLEMENT PERMANENT FUND (TSPF)			
Beginning Balance	\$ 243.2	\$ 285.3	\$ 301.0
Transfers In ³	\$ 36.3	\$ 12.0	\$ 32.5
Appropriation to Tobacco Settlement Program Fund ³	\$ (36.3)	\$ (12.0)	\$ (16.3)
Gains/Losses	\$ 42.1	\$ 15.7	\$ 16.6
Additional Transfers to/from TSPF	\$ -	\$ -	\$ -
Ending Balance	\$ 285.3	\$ 301.0	\$ 333.8
TAX STABILIZATION RESERVE (RAINY DAY FUND)			
Beginning Balance	\$ 1,727.3	\$ 1,812.6	\$ 1,830.9
Revenues from Excess Oil and Gas Emergency School Tax	\$ 342.7	\$ 824.1	\$ 448.3
Gains/Losses	\$ 85.3	\$ 81.0	\$ 77.8
Transfers In (From Operating Reserve)	\$ -	\$ -	\$ -
Transfer Out to Operating Reserve ^{4,5}	\$ -	\$ (62.6)	\$ (35.1)
Transfer Out to Early Childhood Trust Fund ⁸	\$ (342.7)	\$ (824.1)	\$ (448.3)
Ending Balance	\$ 1,812.6	\$ 1,830.9	\$ 1,873.7
Percent of Recurring Appropriations	25.1%	24.6%	22.2%
TOTAL GENERAL FUND ENDING BALANCES	\$ 2,504.8	\$ 2,557.4	\$ 2,489.3
Percent of Recurring Appropriations	35.4%	34.3%	29.4%

Notes:

1) DFA using operating reserve to cover disaster allotments due to low balance in the appropriation contingency fund. FY20 includes \$35.5 million for COVID-19 related responses.

2) Laws 2021, Chapter 137 (HB2, Section 10-11) includes a \$15.5 million transfer from the repealed K-3 Plus Program Fund to the state support reserve.

3) Laws 2020 First Special Session, Chapter 5 (HB1, Section 6-A) allows for use of 100% of FY21 revenue for tobacco program fund. DFA and LFC estimate \$12 million in TSPF revenue due to expected arbitration ruling to affect FY22; Laws 2021, Chapter 60 (SB 187) allows use of 100% of revenue for tobacco program fund in FY22.

4) Laws 2020, Chapter 34 (House Bill 341) transfers from the tax stabilization reserve to the operating reserve if operating reserve balances are below one percent of appropriations, up to an amount necessary for the operating reserve to be at least one percent of total appropriations for the current year.

6) Laws 2020 First Special Session, Chapter 5 (HB1) provided for a reversion from the state equalization guarantee to the state support reserve fund - this reversion (\$9.9 million) was supposed to occur at the end of FY20, but was not submitted before the audit, therefore is expected to book to FY21.

7) Laws 2021, Chapter 137 (HB2, Section 6-16) includes a \$20.9 million appropriation to the state support reserve fund.

8) Laws 2020, Chapter 3 (HB83, Section 4) provides that oil and gas school tax revenue in excess of the five-year average be transferred to the Early Childhood Trust Fund instead of the tax stabilization reserves if reserve balances exceed 25 percent of recurring appropriations

* Note: totals may not foot due to rounding

Appropriation Account Detail: 2022 Legislative Session

GFFS

(in millions of dollars)

	FY22		FY23		FY24	
	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring
REVENUE						
2022 Regular Session:						
Bill No.						
passed HB 8 Land Grant-Merced Assistance Fund			\$ (1.5)		\$ (1.5)	
passed HB 67 Technology Readiness Gross Receipts Tax Credit			\$ (0.5)	\$ 3.0	\$ (2.0)	
passed HB 68 Criminal Code Changes			\$ (201.2)	\$ (328.5)	\$ (14.0)	
passed HB 163 Tax Changes			\$ (0.5)		\$ (390.0)	
passed HB 167 Tribe & Pueblo Car Excise Tax Credit					\$ (0.6)	
TOTAL REVENUE	\$ -	\$ -	\$ (203.7)	\$ (325.5)	\$ (408.1)	\$ -
APPROPRIATIONS						
2021 Second Special Session:						
Bill No.						
HB 1 Feed Bill & General Appropriation Act	\$ 7.6	\$ 1.5	\$ 19.5			
HB 2 Relating to General Appropriations		\$ 345.4				
2022 Regular Session:						
Bill No.						
HB 1 Feed Bill & General Appropriation Act	\$ 7.6	\$ 1.5	\$ 19.5			
HB 2 General Appropriation Act of 2021						
Section 4, General Appropriation			\$ 8,289.6			
Section 5 & 6, Specials, Supplementals & Deficiencies		\$ 225.9				
Section 7 Information Technology		\$ 64.1				
Section 8, Compensation		\$ 31.6	\$ 156.7			
Section 9, Roads & Transportation Projects		\$ 303.5		\$ 70.0		
Section 10, Nonrecurring General Fund		\$ 798.1		\$ 5.0		
Section 11, Fund Transfers		\$ 105.0		\$ 130.0		
vetoed SB-48 Supplemental GAA		\$ 25.2	\$ 25.2			
passed SB 212 Capital Outlay Projects				\$ 30.0		
HB 2 Failed Contingencies		\$ (60.3)	\$ (3.5)			
Governor Vetoes		\$ (8.8)	\$ (4.2)			
TOTAL 2022 SESSION APPROPRIATIONS	\$ 7.6	\$ 1,460.5	\$ 8,458.2	\$ 235.0	\$ -	\$ -

Notes: Failed contingencies include SB 2 (\$3.5 million), HB 55 (\$50 million), SB 137 (\$10 million), and HB 157 (SB168) \$330 thousand.

GFFS