



2010 Regular Legislative Session Summary

- Most recent economic consensus reporting predicts a \$900 million shortfall between FY10 and FY 11
 - FY 11 Legislative Finance Committee (LFC) and Department of Finance and Administration (DFA) Solvency Recommendations:
 - LFC Recommendation:
 - Budget proposed based on a 2% compensation reduction
 - Instruction and General (I&G) Reduction – Includes the 2% compensation reduction
 - Main Campus 6.2%
 - Health Sciences Center 7.6%
 - Tobacco Settlement 10% (Funds both I&G and RSPs)
 - Tuition Credit 6% in-state and 15% out-of-state
 - BR & R reduced by 50%
 - Tuition Waivers reduced by 5%
 - Special Projects reduced on average by 9.9%
 - Full Funding Formula \$10,078,759
 - DFA Recommendation:
 - 3% cuts across the board with full flexibility to FY10 post solvency
 - Difference between LFC and DFA recommendations are \$26.0 million
 - 4-Year Institutions assume 104% of cuts
 - \$200.0 million gap
 - LFC recommendation included a possible 2% salary reduction to help fill gap
 - Both recommendations assume revenue enhancement legislation to produce \$200.0 million in new revenue
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- House Appropriations and Finance Committee (HAFC) Proposed Budget:
 - Difference between LFC and DFA is \$19.4 million
 - Instruction and General (I&G) Reduction
 - Main Campus 2.4%
 - Health Sciences Center 3.7%
 - Tuition Credit 4% across-the-board
 - Fully fund workload
 - Adopts LFC recommendation for research and special projects but gives the institutions flexibility to allocate the reductions
 - Proposed budget \$5,426.0 billion and is based on raising proposed tax generating revenue by \$340 million
 - \$317.0 million gap to be filled with revenue enhancement legislation

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- Senate Finance Committee (SFC) Proposed Budget:
 - Replaced legislation (SB 246 (Ingle) Public Employee Pension Contribution Increase) to temporarily increase for FY 11 public and education employee retirement contributions by 1.6%, on top of the 1.5% employees started contributing to as of July 1, 2009, HB 2 also included a compensation decrease of 1%. The 1.6% was taken out in SFC, the 1.0% was increased to 1.43% and it stayed in the budget at the end of the regular.
 - Instruction and General (I&G) Reduction with a 1.43% Compensation Decrease
 - Main Campus 2.5% + 1.43% = 3.93%
 - Health Sciences Center 4.8% + 1.43% = 6.23%
 - Tuition credit 5% across the board
 - 4% additional to 2-year colleges
 - Removed HAFC add-backs to Research and Public Service Projects (RPSPs)
 - Proposed budget \$5,276.9 billion and is based on raising tax generating revenue by \$180.0 million.
 - Cuts spending by \$120.0 million from the House budget
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2010 Special Legislative Session Summary

*Special session deadline for Governor signature is March 24th, 2010.

- HB 2 General Appropriation Act of 2010 (Saavedra)
 - Instruction and General (I&G) reduction
 - Main Campus 3%
 - Health Sciences Center 3.7%
 - Tobacco Settlement 6.3% (funds both I&G and RPSPs)
 - Tuition credit 5% across the board
 - 4% additional to 2-year colleges
 - Research and Public Service Projects (RPSPs) decrease
 - Main Campus average 9.4%
 - Health Sciences Center average 4.8%
 - Passed
 - Signed by governor 03/24/10 (Partial Veto)

The original LFC appropriation recommendation required several measures to close the gap between appropriations and revenue, one of those measures included a 2% reduction to compensation for state employees and education workers as well as making adjustments to vision and dental benefits, these measures did not pass.

In the regular session a bill was proposed in the senate to temporarily increase for FY 11 public and education employee retirement contributions by 1.6%, on top of the 1.5% employees started contributing to as of July 1, 2009, HB 2 also included a compensation decrease of 1%. The 1.6% was taken out in SFC, the 1.0% was increased to 1.43% and stayed in the budget at the end of the regular session and it was removed in the special session. Therefore, instead of a 4.1% decrease in salary and benefits, it will stay at the 1.5% employee contribution through FY11.

In conclusion, UNM went from an LFC 2% compensation reduction, a 1.6% increase to the employee ERB contribution, along with an I&G decrease for Main campus of 6.2% and a 7.6% for HSC. To no compensation reduction, and a decrease to the I&G of only 3.0% for Main Campus and a 3.7% for HSC.

Capital Outlay

- 2010 (SB 1) Capital Projects General Obligation Bond (GOB) Act (Cisneros):

Project Name:	Original LFC Recommendation	SB1 – Signed by the Governor 03/19/10
Biology Building Renovate and Expansion	\$3,800,000	\$3,800,000
Chemistry Building Renovate	\$15,000,000	\$10,000,000
College of Education Collaboration Teaching Building	\$0	\$4,000,000
Carrie Tingly Hospital Building	18,500,000	\$12,000,000
Health Science Education Building	\$0	\$10,000,000
UNM-Los Alamos Science Labs Renovate/Equipment	\$750,000	\$750,000
UNM-Gallup Zollinger Library Construct	\$1,400,000	\$1,400,000
UNM-Taos Research Center & Library	\$0	\$2,000,000
Total:	\$39,450,000	\$43,950,000

Proposed Legislation Status – Regular Session

*For a listing of all bills please visit our website at <http://govrel.unm.edu/>

*Regular session deadline for Governor signature is March 10th, 2010.

- **Revenue Enhancement Legislation**

Passed

- HB 120 Tax Withholding Changes (Lujan)
 - Requires quarterly withholding payments from Pass-Through Entities
 - Passed House Floor 42-25-3
 - Concurred – Passed
 - Signed by Governor – 03/08/10

Died or Failed

- HB 9 Income Tax Surtax (Sandoval)
 - Raises Personal Income Tax by 1.5% above \$133,000 for individuals
 - Passed House Floor 36-32-2
 - Died in Senate Corporations & Transportation Committee than referred to Senate Finance Committee
- HB 119 Temporary Gross Receipts Increase (Lujan)
 - Increases Gross Receipts Tax rate to 5.5% in FY11 and back to 5.0% in FY14
 - Passed House Floor 34-32-4
 - Died in Senate Finance Committee
- HB 270 Add Back Certain Tax Deductions (Stewart)
 - Adds State and Local Taxes into net income
 - Failed on House Floor 33-34
 - House voted to re-consider, on the House calendar – Died in the House

- SB 121 Increase Cigarette Tax (B. Sanchez)
 - Increases the excise tax rate on cigarettes by .50 cents a pack and adjust distribution to beneficiaries
 - Died in Senate Corporations & Transportation Committee
- SB 10 Narrow Food Tax Deduction to Staple Foods (B. Sanchez)
 - Died in House Business & Industry Commerce
- SB 30 Cigarette Tax Increase & Distribution (Feldman)
 - Died in House Taxation & Revenue Committee
- SB 122 Higher Income Taxpayer Surtax (B. Sanchez)
 - Increases state income tax rate on individuals making \$100 K/Couples making \$160 K
 - Died in Senate Corporations & Transportation Committee
- SB 184 Recovery Investment Bonding Act (M.Sanchez)
 - Purpose is to provide a mechanism for the state to borrow enough money from its permanent funds to help make up the deficit in the general fund.
 - Died in Senate Finance Committee
- SB 185 Sell Bonds to Avoid Salary Reductions (M.Sanchez)
 - Died in Senate Finance Committee

- Capital Outlay

Passed

- SB 182 CAPITAL OUTLAY REVERSIONS FOR SOLVENCY (Cisneros)
 - Reverts \$130 million in Severance Tax Bonds back to the general fund
 - Concurred – Passed
 - Signed by Governor- 03/10/10

- Educational Retirement Board Related Bills

Passed

- SB 91 Delay Educational Retirement Contributions (Smith)
 - Delays .75% employer increase to the ERB by one year
 - Concurred – Passed
 - Signed by Governor- 03/08/10

Died or Failed

- SB 246 Public Employee Pension Contribution Increase (Ingle)
 - Temporarily increases the public employee contribution to the state retirement funds for FY11 by 2.64 percent and reduces the employer contribution by the same amount. This effectively is a contribution “swap.” The bill retains an exemption for employees making \$20,000 or less as enacted by Laws 2009, Chapter 127. (As according to the FIR (Financial Impact Report) for the bill).
 - Died in Senate Finance Committee
- SB 260 Alternate Early State Retirement Plans (Eichenberg), SCC
 - Directs the State Personnel Office, the Department of Finance and Administration, the Public Employees Retirement Association, the Educational Retirement Board and the Retiree Health Care Authority to

- Develop alternative early retirement plans for state employees and higher education participants and report those plans to the Legislative Finance Committee.
 - Died in Senate Committees Committee
- **Other Related Legislation**

Passed

- SB 134 Military Veteran Lottery Scholarships (Payne)
 - Allows military veterans to receive a legislative lottery scholarship
 - Passed
 - Signed by Governor- 03/10/10
- SB 85 School Leadership Institute (Kernan)
 - Creates a school leadership institute for public education school administrators
 - Passed
 - Signed by Governor- 03/08/10
- HB 8 Development Training Funds (Lujan)
 - Concurred – Passed
 - Signed by Governor- 03/08/10
- HB 38 Public Project Revolving Loan and Fund Projects (Lundstrom)
 - Authorizes NMFA to make loans for public projects
 - Concurred – Passed
 - Signed by Governor- 03/08/10
- HB 79 Tobacco Settlement Fund Distribution (Tripp)
 - Passed
 - Signed by Governor- 03/08/10

Proposed Legislation Status – Special Session

*Special session deadline for Governor signature is March 24th, 2010.

- **Revenue Enhancement Legislation - Passed**
 - HB 3 Cigarette Tax Increase & Tribal Stamp (Chasey)
 - Temporary increases by 4 years the excise tax rate on cigarettes by \$0.75 cents a pack and adjusts the distributions to the current beneficiaries; new beneficiaries are 5.11% public education, 7.11% Children Youth and Family Department early childhood programs, so that the revenue from the increase goes to the State's general fund.
 - Passed
 - Signed by Governor 03/24/10
 - Line-item vetoed to make the increase permanent
 - Line-item vetoed distributions from the net receipts attributable to the cigarette tax to:
 - County and municipality recreational fund
 - County and municipal cigarette tax fund,
 - Public Education Department in fiscal year 2011 for early childhood programs
 - Children, Youth and Families Department in fiscal year 2011 for early childhood initiatives.

- HB 5 Severance Tax Bond Projects (Trujillo)
 - Appropriates or reauthorizes STB's to statewide projects
 - Passed
 - Signed by Governor 03/19/10

- SB 10 Increase Low-Income Comprehensive Tax Rebate (Cisneros)
 - ***(Bills SB 12 and SB 13 were substituted into the final SB 10)***
 - SB 12 Food Tax, Gross Receipts and Distributions (Cisneros)
 - SB 13 Federal Deductions as State Taxable Income (Ortiz y Pino)
 - These three bills would generate over \$200 million in both FY11 and FY12. The bills would increase Gross Receipts Tax by .125% and repeal the state food tax deduction. Changes to income tax reporting and deductions were also included.
 - Line Item Vetoed 3/24/10
 - The Governor vetoed the Food Tax Repeal and the increased requirements for the Low-Income Tax Rebate.
 - Signed by Governor 3/24/10