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To: IPANM Members
 From: Karin Foster
 Re: Week One – New Mexico Legislature
 Date: January 24, 2013

Dear Members –

The Session is off to a start, albeit a very slow one. The number of bills filed has been lower than usual and most bills pertain to kickstarting economic development in New Mexico. Another trend we are seeing is the number of bills requiring a Constitutional Amendment to change the distribution of the Land Grant Permanent Fund. These bills only require passage through the House and Senate and do not require a Governor’s signature. As of this morning, there are no bills directly impacting oil and gas development.

So that this table is easier to read from week to week, I have added a new line beneath the text of the bill. This line, which should be highlighted in light blue are my notes on the bill – background and information on why I included it. If a bill is amended, I will change the text of the bill line so we all know what is being discussed in committees. I hope this change will help. I have also attached a table to this email of the committee acronyms which can be rather confusing.

As always, thank you for the opportunity to serve you. If you have any questions, please do not hesitate to call me at (505)238-8385 or email me at Fosterassociates2005@yahoo.com. Thank you.

Bill Numbers		Bill Names	Committee Assignments	Sponsors
House	Senate			
		Study acquiring BLM lands to generate revenue		
	SB1		SCC/SCONC/SFC - SCONC	M. Sanchez
Appropriates \$250,000 to the SLO to work with the BLM to find federal lands set for 'disposal' and assess exchange or purchase; report to the Governor and Legislature				
Found germane; This bill is being carried by the Senate Leader who is strongly behind raiding the Permanent Fund; it is unclear is this funding and project by the SLO will assist industry under the current administration at SLO				

Bill Numbers		Bill Names	Committee Assignments	Sponsors
House	Senate			
		New Revenue Income tax credit		Pappen
	SB10		SCC/SCORC/SFC-SCROC	Gentry
Creates a tax credit for any individual who creates a job or makes a capital investment in the state; 30% of the revenue created may be claimed in the tax credit; limited to location of jobs, amount of investment; definition of 'new job' ; repeals excise taxes for manufactured homes and ATVs.				
Found Germane; This bill is being carried by the Senate Pro Tem and the House Minority Whip; this is a duplicate of a bill from 2013 that resulted in several oil and gas companies accessing tax credits from the creation of new jobs.				
		Water Harvesting income tax credit		
	SB 16		SCC/SCONC/SCORC/SFC-SCC	Wirth
Allows any member of the tax and Rev interim committee or the LFC to ask an agency to compile a report on the 'effectiveness of a tax credit or deduction' that is required pursuant to law; creates a new tax credit for water harvesters.				
The report is similar to the tax expenditure reports we have seen in previous bills; the concern is that there is little expertise in the TRD to understand the rationale behind the creation of a tax credit or deduction taken by an oil and gas producer.				
		Unitary Corporate Bank Combined Tax Reporting		Egolf
	SB 17		SCC/SCORC/SFC-SCC	Wirth
Allows banks reporting as unitary corporations that has not previously filed a combined return or consolidated return to file a combined return as though the entire combined net income were that of one corporation; after Jan 2015 this becomes mandatory;				
This is a repeat bill the Senate sponsor has now run for 8 years; however, he has narrowed it to banks only; if expanded to include other industries, this will impact several large companies in the OG industry				
		Separate reporting of tax expenditures		McCamley
	SB 30		SCC/SCORC/SFC-SCC	Keller
Will require the reporting of each tax expenditure or provision of law used to reduce personal or corporate tax liability; requires the Secretary of TRD to promulgate rules.				
I would expect significant push back on this bill from the CPAs.				
HB 41		Commercial Driver's License retesting	HTPWC/HJC-HTPWC	Strickler
	SB 41		SCC/SCORC/SJC - SCC	Neville
These bills are identical upon introduction: Expands testing requirement for CDL to a skills or knowledge test; allows for retesting for the knowledge test no more than twice per week; limits retesting for skills test to 3 times per year;				
This bill may be of interest to service companies and water haulers looking for drivers.				
-		Business Facility Reinvestment Tax Rebate		Cook
	SB 47		SCC/SCORC/SFC-SCC	Keller
Between 2015 and 2022, a NM business that constructs and equips a new business for upgrades equipment of facilities for an existing business may claim a tax rebate of income tax liability of up to 25% of taxes paid pursuant to the Corporate Income and Franchise Tax Act; must obtain a certificate from the Economic Development Dept; 1m for new business or 250K for existing business minimum expenditure; must report additional information on your business - wages and number of employees etc.				

Bill Numbers		Bill Names	Committee Assignments	Sponsors
House	Senate			
-		Health Impact Assessment Program		Kane
	SB 48		SCC/SPAC/SJC - SCC	Keller
Creates a new Act giving authority to the Secretary of the Environment and an advisory committee to ; requires all projects that may have an environmental impact on air, water or soil quality to obtain a certificate of health impact; within 90 days of an application for a CHI, the NMED will conduct a health impact assessment; a certificate may not be issued unless the assessment of the project comports with health impact standards established by the Department; a certificate may also be denied if an applicant has "exhibited a history of willful disregard for environmental laws of any state or the US or had an environmental permit revoked or permanently suspended for cause under any environmental laws of any state or the US. " Applicants will need to reapply every 5 years for a new certificate.				
I would expect strong opposition by the business community on this bill; This is clearly intended to be an election issue. Note that Rep. Kane is a freshman legislator running in a evenly split district.				
		Return BLM lands to Land Grants		
	SJM 7		SRC/SCONC-SRC	Martinez
Requesting the NM Congressional Delegation to work closely with the BLM to return lands to New Mexico's historic land grants.				
This bill does not do much				
		State Tax expenditure reporting, CA		Cote
	SJR 5		SRC/SJC/SFC - SRC	Keller
Seeks to amend the Constitution to require the 'consensus revenue estimating group' in cooperation with state and local agencies to compile and present a tax expenditure report to the governor and appropriate legislative committees				
This issue has been presented for several sessions now; to understand the basis for a tax credit or deduction a significant understanding of the industry is needed which the Department does not have at this time.				
-		Land Grant Fund Balance & Education, CA		
	SJR 12		SRC/SJC/SFC - SRC	Sanchez
Proposes an amendment to the Constitution to set distribution from the Land Grant Permanent Fund at 5.5% with an additional distribution of 1.5% from the Fund for nonsecterian early childhood education programs				
This bill has caused problems for the Senate; the State Party Chair has been in the media attacking Senator John Arthur Smith for refusing to hear a version of this bill last Session; the Senate Majority Leader has defended Senator Smith saying that outside politicos have no business dictating how a bill will be heard in the Senate. This is a very sensitive issue this will probably roll over to the campaign. Note that the proponents of this proposal are also attacking oil and gas claiming we are against early childhood education.				
-		annually increase minimum wage, CA		
	SJR 13		SRC/SJC-SRC	Martinez
proposes a Constitutional amendment to set the minimum wage to the rate on January 1, 2009 plus an increase for the cost of living with the rate to increase with the cost of living every year.				

Standing Committees			
House Committees	acronyms	Senate Standing Committees	
Ag & water	HAGW	Committees on Committee	SCC

Approps & Finance	HAFC	CONSERVATION	SCONC
Business & Industry	HBIC	CORPORATIONS & TRANSPORTATION	SCORC
Consumer Affairs	HCPAC	EDUCATION	SEC
Education	HEC	FINANCE	SFC
Energy & natural Resources	HENRC	INDIAN & CULTURAL AFFAIRS	SIAC
Health, Government & Indian	HHGIC	JUDICIARY	SJC
Judiciary	HJC	PUBLIC AFFAIRS	SPAC
Labor & Human Affairs	HLC	RULES	SRC
Rules	HRC		
Tax & Revenue	HTRC		
Transport & Public works	HTPWC		
Voters & elections	HVEC		

House bills – Week One NM Session

Bill Numbers		Bill Names	Committee Assignments	Sponsors
House	Senate			
HB 26		Real Property Sale Assessor Affidavits	HPREF - not printed HRC	Wooley
Would require the filing of an affidavit for the legal transfer of all real property in commercial sales; exception for leases and agricultural properties				
Notes: This bill is to assist assessors in the valuation of commercial properties; however, this will pose a problem in the valuation for tax assessment purposes for surface and mineral properties involved in oil and gas; the Assessor has reached out to IPANM asking for amendment language. This bill will probably die due to no Executive message.				
HB 30		Alternative Fuel Tax Definitions and Payment	HTPWC/HTR - HTPWC	R. Gonzales
				Keller
Changes definitions in the Alternative Fuels Act; clarifies that 1 gallon of liquified natural gas does not equal one gallon of gasoline - adjusts excise taxes;				
Notes: This bill is sponsored by the Chairman of the House Transportation Committee at the request of the New Mexico NaturalGas Vehicles Coalition; This was presented to the Transportation interim subcommittee and is a 'committee bill'; Attempts to establish parity between Natural gas and gasoline as a fuel source;				
HB 48		Commercial Driver's License retesting	HTPWC/HJC-HTPWC	Strickler
	SB 41		SCC/SCORC/SJC= SCC	Neville
These bills are identical upon introduction: Expands testing requirement for CDL to a skills or knowledge test; allows for retesting for the knowledge test no more than twice per week; limits retesting for skills test to 3 times per year;				
This bill may be of interest to service companies and water haulers looking for drivers. I don't believe there is a pertinent message on this topic.				
HB 74		Gas tax increase for major road projects	HPREF	R. Gonzales
Decreases distribution of gas tax to municipalities and counties; increases amount of gasoline tax from 21 cents per gallon to 22 cents per gallon from 2014 to 2024 then will reduce to 17 cents per gallon				
This tax increase will be of interest to any service companies				
HB 77		Allow duplicate filing with county clerks	HPREF	
deletes provision that a 'duplicate filing of an instrument of writing duly acknowledged may be filed and recorded to the same extent as an original"				

Bill Numbers		Bill Names	Committee Assignments	Sponsors
House	Senate			
This will be of interest to landmen and attorneys; the underlying purpose for this bill is unclear; this may not be 'germane' The title of this bill is inaccurate.				
HB 84		Land Grant Comprehensive plan approval	HPREF	C. Trujillo
Amends the statutes outlining authorities of Land Grant Boards to determine zoning of land grant-merced pursuant to a comprehensive plan approved by the Board rather than the local government division of finance and administration that considers the health, safety and welfare of the residents and heirs of the land grant-merced. Eliminates authority of the state department of finance and administration to act as a mediator between the land grant-merced and the neighboring municipality or county.				
This issue is very relevant given the issues with counties; land grant issues have already started to arise in Guadalupe county.				
HB 102		Transfer of public lands taskforce	HPREF	Harrell
creates a taskforce for the purpose of working with the federal government to facilitate transfer of all federal public lands to the state.				
in 2013, NM received \$497M in funds from federal royalty payments which is 48% of the funds received; there was a fight over these funds in the federal budget sequester; it is highly unlikely that the federal government will release these lands.				
HB 104		Extraction taxes for home energy assistance	HPREF	MP Garcia
Redistributes funds from the extraction tax funds to low income housing energy efficiency programs; does not increase taxes at this time.				
HB 131		Itemize gross receipts deductions & exemptions	HPREF	Harper
Unless specifically itemized in Section 7-9 NMSA, a gross receipts or compensating tax deduction taken would have to be separately itemized; the exemption for stadium charges; text books to students, homeowners fees and dues, fuel for space vehicles, railroad equipment, commercial aircraft and space vehicles, purses from racetracks, wind and solar equipment, software development services, sales from state chartered credit unions, sales of prosthetic devices, receipts of hospitals, prescription drugs, would be eliminated after July 1, 2025; deductions from compensating tax and GRT on jet fuel would be reduced to 40% of value and then eliminated after 2027,				
I would expect strong opposition to this bill as this eliminates most exemptions to GRT and compensating taxes impacting nearly every industry.				
HJR 3`		Land Grant Funds for Education reforms	HPREF	J. Trujillo
Proposes a Constitutional amendment to increase the annual distribution of the Land Grant Permanent Fund to 'educational reforms'; increases the minimum distribution cap from 5.8 billion to 10 billion; establishes the distribution rate at 5.5% of the fund;				
The fund had initially been set to 5% distribution; this was increased during the Richardson administration to 5.8% with a sunset of 2013 to reduce back to 5.5% distribution and back to 5% in 2017; the beneficiaries are asking for the permanent increase to 5.5% While this bill does not directly address the early childhood component this seems to indicate that the funds for early childhood ed would need to come from the PED share which is 58% of the distributions, this does assist the current beneficiaries				
HJR 5		Biennial Tax credit and deduction	HPREF	Cote

Bill Numbers		Bill Names	Committee Assignments	Sponsors
House	Senate			
		report		
Proposes a Constitutional amendment to require biennial report from the consensus revenue estimating group to create a tax expenditure report; as this pertains to oil and gas initial exercises of this nature have resulted in overestimation of tax credits and deductions taken which will result in a movement against industry to 'close loopholes'				
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