

# Senate passes \$9.57 billion budget amid accusations of backroom shenanigans

By Daniel J. Chacón | Mar 12, 2023

The state Senate passed a nearly \$9.6 billion spending plan for the upcoming fiscal year Sunday amid accusations the proposed budget was hijacked at the eleventh hour.

Discussion on the proposed budget, which would increase spending by almost 14%, or more than \$1 billion, also came with a warning from the chairman of the Senate Finance Committee: The level of spending is unsustainable.

“New Mexico had better be prepared in our future for the plateauing of oil and gas, and that’s not too many years away,” said Sen. George Muñoz, D-Gallup.

“We’ve increased our recurring expenses to the tune of about 30% over the last three years, and that’s pretty much an unsustainable number,” he said.

The Senate voted 25-16 to approve House Bill 2, which heads back to the House for a concurrence vote. Sen. Shannon Pinto, D-Tohatchi, joined all 15 Republican senators in voting against the proposed budget.

The vote on the floor came after the Senate Finance Committee, in a highly unusual move, pulled the spending plan back for reconsideration Sunday after voting to approve it the day before — a decision that angered Republican lawmakers and raised questions about backroom dealmaking and political pressure from the office of Gov. Michelle Lujan Grisham.

“My staff and the [executive’s] staff have stayed late at night telling them, ‘No, we can’t have this, we can’t have that.’ But we try to get to middle ground, and that’s what this budget does, it gets us to middle ground,” Muñoz said during the floor debate.

In committee, senators considered budget adjustments that were ultimately approved.

They included inserting a road project in Bernalillo County for funding consideration, which Sen. Michael Padilla, D-Albuquerque, had unsuccessfully advocated for Saturday, and striking language on a proposed \$252 million appropriation that was contingent on a bill passing to create a new K-12 Plus Program.

By striking the contingency language, the \$252 million would default to extended learning programs currently on the books instead of reverting back to the general fund.

“It’s my understanding that some representatives from the Governor’s Office wanted that language,” Sen. Crystal Diamond, R-Elephant Butte, said in an interview.

The issue may be moot since the Senate ultimately approved the bill Sunday night, though it has to go back to the House for concurrence before heading to the governor’s desk.

Another adjustment the committee approved involves language specifying that \$2 million appropriated to the Game and Fish Department must be spent on “efforts for species of greatest conservation need,” which Sen. Jeff Steinborn, D-Las Cruces, tried to insert Saturday but failed when he couldn’t get a second on his motion.

The political maneuvering sparked outrage from Republicans.

“We shouldn’t be putting this stuff in here without running it through the process, letting every legislator in the House vote for it before we just stick it in the ... budget as a personal piggybank,” said Sen. Pat Woods, R-Broadview.

Muñoz, D-Gallup, said he agreed “100%” with Woods.

“This is the last year we’re going to do language this way, and this is the last year we’re going to do budget this way,” he said. “If people want to put money in the budget on the backside in different sections, they’re going to have to run a bill.”

Woods said he had “a lot of disagreement” with the process. He questioned why the \$252 million wasn’t included in the Public Education Department’s proposed budget from the start.

Diamond called the process “flawed.”

“It makes me wonder when someone hasn’t gotten their pet projects in time, how much pork is in all this,” she said.

Diamond said during the committee meeting it appeared “a few individuals for the benefit of themselves and their individual districts have pushed their way around” to circumvent the budget process.

“We voted on [House Bill 2] yesterday after being here for 50 days, and everyone had their opportunity to put in or take out what they wanted in this bill and here we are the day after [considering] what looks to me like pet project earmarks,” she said. “I’m disappointed because I think that a couple individuals from the Governor’s Office, a couple from this committee, have really made a joke out of the process, and they’ve undermined this committee in doing so.”

Diamond said she played by the rules. As an example, she said she and Sen. Siah Correa Hemphill, a Silver City Democrat, worked on a bipartisan bill that included a one-time appropriation of \$3 million for Black Fire recovery efforts.

“We have listed the details of those shovel-ready projects, presented through committees that passed with unanimous support, and in the budget, instead of \$3 million, they allocated \$2 million — a disappointment for sure because restoration efforts will go underfunded there,” she said in an interview.

“We don’t throw a fit,” she added. “We understood that there is not capacity for that and then right below it is a million-dollar telescope for UNM Taos that has never been introduced as a bill. I don’t know whose project it is, but the way I look at it is, ‘Did we just sacrifice a million dollars for real recovery efforts to people who are victims of this fire so that someone can just put in pet projects behind the scenes?’ And the list goes on and on if you look through the budget.”

Sen. Bill Sharer, R-Farmington, said the Legislative Finance Committee had assembled a “sound budget” that left New Mexico with the highest permanent fund balances in state history. The LFC proposal called for a \$1 billion transfer to the Severance Tax Permanent Fund.

The spending plan approved by the House reduced the transfer to \$850 million. Then, the Senate’s version reduced the transfer by \$375 million to fully fund the Opportunity Scholarship, a taxpayer-funded college tuition program, and free school meals, as well as for tax rebates and to leave general fund reserves at about 30%, or about \$2.87 billion.

“It put us in the best shape ever to deal with what we know is the coming oil and gas revenue collapse,” Sharer said, referring to the LFC’s budget proposal.

“And then right here at the end, last week or so, things really started to spin out of control because various people put pressure and more pressure and harder pressure and uglier pressure that we were forced to do thing ... that were not well vetted,” Sharer said.