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State of New Mexico

Michelle Lujan Grisham
Governor

April 7, 2023

HOUSE EXECUTIVE MESSAGE NO. 19

The Honorable Javier Martinez, Speaker of the House and
Members of the House of Representatives
State Capitol Building
Santa Fe, NM 87501

Dear Speaker Martinez and Members of the House:

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR HOUSE BILL 547, as amended, with certificate of correction ("HB 547") is a large, omnibus tax package implementing substantial tax cuts. It is also a bill appropriating money and is, therefore, subject to line-item veto pursuant to Article IV, Section 22 of the New Mexico Constitution. *See* Letter from Elizabeth A. Glenn, Deputy Attorney General, to Raul E. Burciaga, Director of the Legislative Council Service (Mar. 16, 2011), 2011 WL 1587745.

Although HB 547 has many laudable tax reform measures, I have grave concerns about the sustainability of this tax package as a whole. HB 547's tax cuts will impact our ability to fund important services and programs that our citizens depend on, such as education, healthcare, public safety, and infrastructure. This decrease in revenue will have a disproportionate impact on certain populations in our State—particularly those who are already struggling to make ends meet. Given the unpredictable nature of the economy and our State's reliance on oil and gas revenues, I am not confident this package is fiscally responsible.

That being said, I am not vetoing the portions of HB 547 that give New Mexicans one-time tax rebates, increase the child income tax credit, increase the benefits of the film tax credit, and expand the health practitioners gross receipts tax deduction. These measures align with my commitment to support working families, the healthcare system, and our economy. I believe that these portions of the bill are necessary and beneficial, and I am pleased to support them.

I appreciate the Legislature's willingness to consider such sweeping tax reform. But as Governor, it is my duty to prioritize the needs of all New Mexicans, and I believe that we must take a more thoughtful and deliberate approach to tax reform. I urge the Legislature to work with my Administration to develop a comprehensive tax plan that is sustainable and in the best interests of New Mexicans.

Accordingly, I this day SIGN and RETURN:

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR HOUSE BILL 547, as amended, with certificate of correction, enacted during the Fifty-Sixth Legislature, First Session, 2023, except the following item or items, part or parts, which I hereby veto pursuant to the authority granted me in Article IV, Section 22 of the New Mexico Constitution:

On page 1, I have vetoed lines 3 through 9, the words "PRACTITIONER TAX CREDIT" and the semi-colon on line 10, all of line 12, the language following the word "REBATES" on line 13, and lines 14 through 25. I have also vetoed page 2, lines 1 through 22 and the language and semi-colon preceding the word "INCREASING" on line 23. Additionally, on page 3, I have vetoed the semi-colon and language following the word "DEDUCTIBLES" on line 5, as well as lines 6 through 12, with the exception of the period on line 12. This is necessary for the title of HB 547 to reflect the changes being made by my line-item veto.

I have vetoed page 3, line 15, through page 27, line 11; page 30, line 10, through page 31, line 11; page 32, line 11, through page 81, line 3; and page 109, line 21, through page 118, line 13. This eliminates the items and parts of HB 547 of which I am not fully convinced are fiscally responsible tax measures at this time.

On page 118, line 15, I have vetoed the "s" at the end of "Sections", the numbers and words "5, 7 through", and the comma and number "12" after the number "9". I have also vetoed the words and numbers "through 14, 23 through 27, 29 and 30" on page 118, line 16. Additionally, I have vetoed page 118, lines 22 through 24. This is necessary for HB 547's applicability section to reflect the changes being made by my line-item veto.

On page 119, line 4, I have vetoed the "s" at the end of "Sections", the numbers and words "1 through 4, 16 through 19, 28 and", and the word and number "through 41". Additionally, on page 119, I have vetoed lines 6 through 8. This is necessary for HB 547's effective date section to reflect the changes being made by my line-item veto.

Respectfully yours,


Michelle Lujan Grisham
Governor

RECEIVED FROM THE OFFICE OF THE GOVERNOR

Time: 10:05 a.m. p.m.
Date: April 7 2023

By *Michelle L. Miller* for
Secretary of State

Time: 10:25 a.m. p.m.
Date: April 7, 2023

By *Susan M. Ortiz McCutcheon*
Chief Clerk of the House