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OFFICE OF  
SECRETARY OF STATE

# State of New Mexico

Michelle Lujan Grisham  
*Governor*

April 7, 2023

## SENATE EXECUTIVE MESSAGE NO. 29

The Honorable Mimi Stewart, President Pro Tempore  
and Members of the New Mexico State Senate  
State Capitol Building  
Santa Fe, New Mexico 87501

Dear President Pro Tempore Stewart and Members of the Senate:

I have decided to veto SENATE TAX, BUSINESS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR SENATE BILL 157 ("SB 157"), which would have appropriated twenty-five million dollars to the City of Hobbs.

I understand the motivation behind this bill, which is to bolster Hobbs' anticipated revenue loss after the State's change from origin-based sourcing to destination-based sourcing for the gross receipts tax. However, it is too soon to accurately gauge how Hobbs and other municipalities' revenues will change following the end of the public health emergency, the broadening of the tax base to include internet sales, the addition of local option compensating taxes, and the continued growth of the oil and natural gas industry.

Furthermore, tax policies are built on the principle of equity, and the State should ensure that all local governments are treated as equally as possible. It would be unfair to give Hobbs such a large amount of money when many other cities in the State could also stand to benefit from an additional infusion of funds. It would also set a dangerous and tricky precedent: if we compensate Hobbs for the change to destination-based sourcing of the gross receipts tax, why should we not compensate other local governments for decreased revenue due to other legislative changes?

Because of these issues, and pursuant to my authority under Article IV, Section 22 of the New Mexico Constitution, I have vetoed SENATE TAX, BUSINESS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR SENATE BILL 157, enacted by the Fifty-Sixth Legislature, First Session, 2023.

Respectfully yours,

A handwritten signature in black ink that reads "Michelle Lujan Grisham".

Michelle Lujan Grisham  
Governor

RECEIVED FROM THE OFFICE OF THE GOVERNOR

Time: 4:01 a.m. p.m.  
Date: April 7, 2023

By [Signature]  
for Secretary of State of New Mexico

Time: 11:35 a.m. p.m.  
Date: 4-7- 2023

By [Signature]  
for Chief Clerk of the Senate