



State of New Mexico

REC'D NM-SEC. OF STATE
2024 MAR 6 AM 11:08

Michelle Lujan Grisham
Governor

March 6, 2024

HOUSE EXECUTIVE MESSAGE NO. 61

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

Speaker Martinez and Members of the House:

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR HOUSE BILL 252, as amended ("HB 252") is an 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 Order, State ex. rel. Garcia v. Lujan Grisham*, No. S-1-SC-40091 (N.M. Sup. Ct. Feb. 8, 2024) (denying petition for writ of mandamus challenging line-item vetoes to H.B. 547, 56th Leg. 1st Sess. (N.M. 2023)); Letter from Elizabeth A. Glenn, Deputy Attorney General, to Raul E. Burciaga, Director of the Legislative Council Service (Mar. 16, 2011), 2011 WL 1587745.

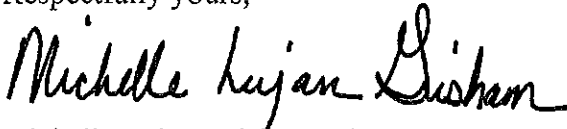
I applaud the Legislature for addressing the sustainability concerns I raised last year in my message line-item vetoing much of last year's omnibus tax package. However, I am concerned about Sections 16 through 22, which amend the Oil and Gas Severance Tax Act and the Natural Gas and Crude Oil Production Incentive Act to add an exemption to severance taxes due for certain stripper well properties that undertake compliance-related improvement projects. Although I appreciate the intent behind this measure (i.e., to encourage stripper well operators to come into compliance with current regulations), the exemption should be limited to small and independent operators. As written, Sections 16 through 22's application of the exemption to an "operator of a well," combined with the lack of a cap or other measures to contain the revenue impact, is problematic because large companies can hold wells in multiple subsidiaries, which are themselves considered the "operators of a well" under current law. This would disproportionately benefit larger companies, substantially decrease state revenues, and work counter to my Administration's climate change goals. Therefore, I have decided to line-item veto Sections 16 through 22. However, I encourage the sponsors of these sections to work with my Administration to draft legislation for next year that will address these issues.

Accordingly, I this day SIGN and RETURN:

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR HOUSE BILL 252, as amended, enacted during the Fifty-Sixth Legislature, Second Session, 2024, 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:

I have vetoed page 43, line 13, through page 63, line 6. This eliminates the items and parts of HB 252 relating to the oil and gas severance tax exemption for stripper wells. I have also vetoed the words "PROVIDING AN" on page 2, line 19, all of lines 20 and 21, and the word "COMPLETED" through the word and punctuation "RULES;" on line 22. This is necessary for the title of HB 252 to reflect the changes being made by this line-item veto.

Respectfully yours,



Michelle Lujan Grisham
Governor

RECEIVED FROM THE OFFICE OF THE GOVERNOR

Time: 11:08 a.m. p.m.
Date: 03/06 2024

By Marc Spang
or Secretary of State

Time: 12:05 a.m. p.m.
Date: March 6, 2024

By Gina M. Ortiz McCutcheon
Chief Clerk of the House