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State of New Mexico
**LEGISLATIVE FINANCE
COMMITTEE**

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January 17, 2025

Wayne Propst, Secretary
Department of Finance and Administration
407 Galisteo Street
Santa Fe, NM 87501

Dear Secretary Propst,

Pursuant to Section 6-3-25(B) NMSA 1978, the Legislative Finance Committee (LFC) objects to budget adjustment request (BAR) 250325 from the New Mexico Environment Department (NMED). This BAR proposes a \$4.9 million total increase in the budget of the Environmental Protection program, specifically the Air Quality Bureau, to expand personnel by at least 11 full time positions, cover personnel costs from raises, increase contracts by \$3.89 million to augment staffing, and increase other spending by \$375 thousand. Overall, the BAR would increase revenue of the Environmental Protection program by 31 percent and represents a significant mid-year budget increase, right before the Legislature convenes.

NMED’s requested BAR would significantly deplete its air quality permit fund. NMED has previously flagged this source of funding to the Legislature as having restrictions, including limits on the use of permit funds for recurring costs and personnel costs. However, this proposed BAR uses permit funds for both. Notably, NMED did not request these spending items in its base budget request for this fiscal year or next fiscal year. NMED stated it intends to raise permit fees on industry; however, those increases have not been enacted, raising concerns about sustainability of funding and subsequent programming. Specifically, if this BAR is executed, the agency would be using nonrecurring dollars for recurring costs.

The BAR also creates an issue with timing because it was submitted near the start of the legislative session. Processing BARs during the legislative session limits the LFC’s opportunity to hold a public hearing on a BAR objection as allowed in state statute (Section 6-3-25 (B) NMSA 1978). Notably, DFA has issued a BAR moratorium during the legislative session in previous years. However, DFA did not issue a moratorium for the 2025 legislative session. If this BAR is approved, it would go into effect 35 days after the objection, meaning it would go into effect in

the middle of the legislative session without an opportunity for a public hearing as called for in law.

The General Appropriation Act (GAA) establishes spending amounts annually for agencies, including from other state funds, and Department of Finance Administration approval of the annual operating budget further establishes how much agencies may spend. Section 6-3-23 through 6-3-25 NMSA 1978 establishes how much and for what purpose an agency may adjust its budget providing DFA approves the change. The GAA limits increases of other state funds to no more than 5 percent and provides higher amounts for some specific agencies. However, NMED does not have additional BAR authority beyond the 5 percent GAA authority.

Sincerely,

A handwritten signature in black ink that reads "Charles Sallee". The signature is written in a cursive, flowing style.

Charles Sallee, Director

CC: All Members, Legislative Finance Committee LFC
Andrew Miner, Director, State Budget Division, Department of Finance Administration
James Kenney, Secretary, New Mexico Environment Department