

Gov tells agencies to cut spending by 5 percent

Written by By Matthew Reichbach NM Political Report
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State agencies, many of which already saw big budget cuts after the most recent legislative session, will now have to cut spending even further.

A memo sent Aug. 9 by Gov. Susana Martinez says the state will “prepare for and begin reducing general fund spending” by a further five percent.

Martinez blames “persistently low global energy prices, and the resulting drop in drilling activity” for the necessary cuts but says “responsible spending, budgeting and reserve policies over the past five years” make sure the budget situation is not worse.

Senate Finance Committee Chair John Arthur Smith, D-Deming, said last month the state could face a \$500 million shortfall in the upcoming budget.

She says the downturn “led to thousands of lost jobs in the energy sector and a sharp downturn in personal income tax, gross receipts tax, and corporate income tax collections.”

“I am directing all executive agencies under the purview of the governor to immediately prepare for and begin reducing general fund spending in Fiscal Year 2017 by at least 5%,” she wrote. “This will, of course, likely involve changes to hiring practices, organizational structure, approval of overtime, in-state and out-of-state travel, and a number of other aspects of agency management.”

Martinez did not mention a potential special session to deal with state spending. Some legislators are urging Martinez to call a special session to deal with the worsening budget situation not only in the current budget year, but the recently concluded fiscal year, which ended June 30, as well.

Others have called for tax increases to balance the budget as well, though Martinez has stuck to her pledge to not increase taxes.

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Speaker of the House Don Tripp recently indicated he would oppose taking money from a job-closing fund.

Martinez can only tell agencies under her direct control to cut spending. She did suggest that other agencies under the control of the Legislature, other elected officials, and the judicial branch make similar cuts.

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