

[back to story page](#)

Printed from ABQjournal.com, a service of the Albuquerque Journal

URL: <http://www.abqjournal.com/news/xgr/apspending02-21-06.htm>

Tuesday, February 21, 2006

## **Richardson Threatens To Veto More Than \$200 Million in Spending**

By **Barry Massey**/  
*Associated Press*

SANTA FE — Gov. Bill Richardson said Tuesday he's likely to veto more than \$200 million from spending bills to balance the main budget account this year and replenish the state's financial reserves.

Richardson delivered the veto warning in a speech in Albuquerque to a statewide business group, and the governor's top budget adviser reinforced the message in a news conference to outline what the administration describes as overspending by the Legislature during the 30-day session that ended last week.

Among the items potentially on the chopping block: \$80 million for maintenance of buildings and infrastructure at colleges and universities; \$20 million for an endowment fund for college and university faculty; almost \$93 million in contingency appropriations, including \$75 million for tribal water rights settlement; and some of the \$531 million capital improvement projects financed with money from the state's main budget account.

"Spending will have to be cut. There's no doubt about that," said James Jimenez, secretary of the Department of Finance and Administration.

He emphasized that no decisions had been made on what individual spending items will be cut.

Gilbert Gallegos, a spokesman for Richardson, said there's also been no decision on whether the governor will call lawmakers back to work in a special session to deal with administration priorities, such as minimum wage and highway funding, that failed to pass during the 30-day session.

Driving the veto threat are several financial issues:

- Richardson wants the state's end-of-year cash reserves to be almost \$516 million at the end of the next budget year, which starts in July and runs through June 2007. The \$516 million is the equivalent of 10 percent of general state spending and Richardson considers that a prudent financial cushion in case of unexpected revenue or budget problems in the year ahead.

If the governor signed all spending bills approved by the Legislature during the session — without any vetoes — reserves would be at \$273 million or 5.3 percent, according to Jimenez.

- At least \$106 million in vetoes are necessary in the current budget year to prevent the state from running an unconstitutional deficit. That's because there's no legal authority to transfer enough money from the state's cash reserves to cover all the spending that the Legislature approved for the current budget year, which runs through June.

The main budget bill allows for a \$200 million transfer, but \$306 million is needed to balance spending and revenues this year, Jimenez said. The state has the money to cover the spending, it just can't be shifted from one account to another to balance the ledger.

Jimenez said he's recommending that Richardson veto at least \$136 million in spending in the current budget year — ensuring that the budget is balanced and providing a small cushion in case revenue projections fall short.

To reach the 10 percent reserve mark next year, Richardson would need to veto another \$107 million in spending, according to Jimenez.

Richardson, in prepared remarks for his speech in Albuquerque to the Association of Commerce and Industry, said, "I will have to veto more than \$200 million to get the budget back in balance — and restore our reserves back to a responsible 10 percent level."

The Legislature has a slightly different view of the budget situation, with reserves projected to be about \$379 million or 7.4 percent at the end of the 2007 fiscal year. The difference is mostly because lawmakers aren't counting some contingency appropriations as spending for purposes of calculating reserve levels — in contrast to the administration.

Sen. John Arthur Smith, D-Deming, chairman of the Senate committee that handles the budget, said Richardson can resolve the budget transfer problem with vetoes and he acknowledged there were a number of larger spending items "dangled out there" by lawmakers in bills that will become potential veto targets. He pointed to the \$100 million for higher education buildings and the faculty endowment.

Smith predicted that the governor would try to portray the Legislature as the cause of the overspending. However, he said his constituents in southern New Mexico were troubled that the governor is "out there spending very recklessly" with big ticket capital projects.

"There is a perception out there that the governor is the one who likes to spend. They're very apprehensive about the promises he makes," Smith said of his constituents.

According to a legislative analysis, the governor's capital projects accounted for about \$337 million out of the \$531 million in a capital improvement package financed with money from the state's main budget account. Jimenez contends that a large share of those are statewide projects that shouldn't be viewed solely as administration items.

Copyright ©2006 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

[Back to story page](#)