

LFC Requester: \_\_\_\_\_

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)**

*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 01/16/25 *Check all that apply:*  
**Bill Number:** Hb021 Original  Correction   
 Amendment  Substitute

**Sponsor:** McQueen **Agency Name and Code** OSA 308  
**Short Title:** LAND GRANT-MERCED ASSISTANCE FUND **Number:** \_\_\_\_\_  
**Person Writing** David Craig  
**Phone:** 505-469-9911 **Email** David.Craig@osa.nm.

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

| Appropriation |      | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY25          | FY26 |                           |               |
|               |      |                           |               |
|               |      |                           |               |

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

| Estimated Revenue |      |      | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------|---------------|
| FY25              | FY26 | FY27 |                           |               |
|                   |      |      |                           |               |
|                   |      |      |                           |               |

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

|              | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------|------|-------------------|---------------------------|---------------|
| <b>Total</b> |      |      |      |                   |                           |               |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

##### Synopsis:

House Bill 021 (HB021) increases the revenue thresholds for distributions from the Land Grant-Merced Assistance Fund (Fund) that is administered by the Department of Finance and Administration (DFA) and funded from a portion of gross receipts tax by the Taxation and Revenue Department. HB021 makes the Fund non-reverting instead of reverting to the General Fund.

HB021 does not contain an appropriation.

#### **FISCAL IMPLICATIONS**

The increased threshold changes are:

- land grants with annual revenue less than \$100,000 (currently less than \$50,000) will receive 100 percent of the annual distribution amount; and
- land grants with annual revenue of at least \$100,000 (currently at least \$50,000) but less than \$250,000 will receive 75 percent of the annual distribution amount.

Current provisions of law regarding thresholds for land grants with annual revenue of at least \$250,000 but less than \$500,000 receiving 50 percent of the annual distribution amount and land grants with \$500,000 or more in annual revenue receiving 25 percent of the annual distribution amount would remain unchanged.

Under current law, the Fund reverts to the General Fund at the end of the fiscal year. HB021 changes the Fund to make it non-reverting thus allowing balances to be distributed in subsequent fiscal years.

DFA has data on the available balance of the Fund as of today. However, whatever the current balance, changing the criteria for accessing the Fund would not impact the amounts flowing into the Fund from TRD's gross receipt tax distribution.

#### **SIGNIFICANT ISSUES**

Increasing the threshold for access to a full distribution would allow more small land grants access to larger distributions to the Fund.

The Office of the State Auditor (OSA) has developed and implemented an assistance program to help these land grant communities with achieving financial compliance requirements. The OSA works closely with the Land Grant Council to identify land grants with needs in financial certification, providing technical assistance and training opportunities to these organizations and communicating with the Land Grant Council on a regular basis. The small local public bodies program at OSA does cover more than land grant Mercedes, providing assistance to other small

rural governments too, such as acequias and mutual domestic water associations (MDWA's). As of January 16, 2025, the OSA helped remove such access restrictions for approximately \$3.1 million in withheld appropriations to acequias, land grants, and MDWA's, and new entities are being identified for assistance at any given point in time. OSA would continue its partnership with the Land Grant Council to remove any access restrictions related to financial compliance to entities receiving a greater distribution from the Fund.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

The effective date of the bill is July 1, 2025 which is the beginning of state fiscal year 2026.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB021 relates to HB025 LAND GRANT-MERCED INFRASTRUCTURE ACT AND FUNDS in that both bills impact Land Grant stakeholders.

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

## **AMENDMENTS**