

LFC Requester:	Austin Davidson
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to 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: HB025 Original Correction
 Amendment Substitute

Sponsor: Garcia, M **Agency Name and Code** OSA 308
Short Title: LAND GRANT-MERCED INFRASTRUCTURE ACT **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	20,000.0	Nonrecurring	General Fund

(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
Total						

(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 25 (HB025) creates the Land Grant-Merced Infrastructure Act (Infrastructure Act) to provide financial assistance to land grants-mercedes for infrastructure projects. HB025 also creates a Land Grant-Merced Infrastructure Trust Fund (Trust Fund) and the Land Grant-Merced Infrastructure Project Fund (Project Fund). HB025 appropriates \$20 million from the state General Fund to the new, non-reverting Trust Fund for use in FY2026 and subsequent years and allocates funds from the Severance Tax Bonding Fund bonding capacity calculation to further fund land grant-merced infrastructure projects. HB025 also provides for additional legislative oversight of the Land Grant Council.

FISCAL IMPLICATIONS

The new, non-reverting Land Grant-Merced Infrastructure Trust Fund created by HB025 is to make an annual distribution to the Project Fund of \$18 million initially, or four and seven-tenths percent of average year-end market values of the Trust Fund for the immediately preceding five calendar years (when available). HB025 and the new Infrastructure Act direct the Land Grant Council to develop rules to provide grants for qualified projects as determined by the council. The Trust Fund would initially be funded with \$20 million in seed monies from the state General Fund.

Additionally, HB025 requires the Board of Finance Division (BOF) of the Department of Finance and Administration (DFA) to allocate 1.1 percent of estimated bonding capacity of severance tax bonds (STB's) yearly for land grant-merced infrastructure projects. The Land Grant Council is required to certify the need for STB issuance to the BOF and HB025 appears to authorize the BOF to issue and sell STBs to the lesser of the amount certified by the Council or 1.1 percent.

SIGNIFICANT ISSUES

HB025 and the Infrastructure Act provides for the Land Grant Council to authorize funding for qualified projects, including water and wastewater facilities and systems, power lines, communications and health infrastructure, roads, engineering feasibility reports and special engineering services, environmental assessments, acquiring land, easements and rights-of-way, and equipment purchases.

HB025 requires the Land Grant Council to promulgate rules for grants for these purposes which are then to be reviewed by a legislative interim committee. HB025 provides for the Land Grant Council to provide information on the grants to legislative committees which, in turn, provides the Land Grant Council with advice and counsel on issuing grants.

The new Trust Fund and Project Fund would supplement and work in concert with the current Land Grant-Merced Assistance Fund currently administered by DFA and funded with a portion

of gross receipts taxes collected by the Tax and Revenue Department (TRD).

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

Projects created and developed by HB025 would be subject to the requirements for financial certification put in place by Executive Order 2013-006. Many of our land grant mercedes are small, local public bodies that have not conducted up to date agreed upon procedures reviews as required for financial compliance with the Audit Act. 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 new grants under the new Act.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB025 is related to HB021 LAND GRANT-MERCED ASSISTANCE FUND CHANGES

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

The amount of Severance Tax Bonding capacity for 2025 or out years is not publicly made information by the BOF at DFA. Additionally, it is not known if the Council would certify the need for the full 1.1 percent of STB bonding capacity. As such, there is limited ability to calculate estimated STB sales. It is possible that redirecting STB bonding capacity to land grant merced projects would impact available STB bonding capacity for other state uses.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS