



LFC Newsletter

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From the Chairman

Finding Solutions

When the 2025 legislative session starts, the Legislature, the executive, and every New Mexican we represent will have the chance to put forth their vision for the state's future. As always, these glimpses of tomorrow are often contradictory and will be fiercely defended by their respective advocates. The Legislative Finance Committee's duty is to find solutions that work for all New Mexicans. The committee's interim work was focused on improving the state's quality of life, improving access to healthcare, and educating our future workforce. This is work that the members of the committee hope to build on during the session.

As we look for approaches to improve the lives of New Mexicans, we must recognize the golden goose of the oil and natural gas industry is ailing. Although the state has benefitted from a tremendous increase in energy production—a whopping 399 percent since 2017—this growth is quickly cooling. By 2023, New Mexico was the nation's second-largest oil-producing state. This boon was met with fiscal prudence where this committee managed the government's finances responsibly and carefully to set us on a path to have investment income as a stable revenue source into our future. However, as that stable revenue source materializes, legislators must balance our current economic health with projected future declines in energy revenue.

The Legislative Finance Committee's proposed budget reflects the important juncture at which the state finds itself. The committee must seriously contemplate the state's fiscal future while ensuring essential services work today.

It is my great pleasure to welcome visitors to the state capital so they can see this process play out in person. While many bills will not survive the session and those that do might look very different than how they started, I look forward to a great legislative session and deeply appreciate all those who worked with the committee during the interim. It is my hope that this is the collaborative and effective legislative session the people of New Mexico deserve.

Senator George Muñoz
Chairman

Committee Reviews Proposed Legislation

Proposals that would create reporting and performance requirements for demonstration projects are among several bills the committee will consider endorsing when it meets on January 20.

The committee, meeting for the last time before the legislative session, is scheduled to discuss at least 11 proposals for possible endorsement.

Two of the proposals would improve accountability for demonstration projects funded through the public education reform and government results and opportunity—GRO—funds.

The GRO fund, created last year, funds pilot projects for three years. Funding for successful projects might continue beyond the three years, but the state is not obligated to continue funding.

In 2024, GRO projects were funded through the General Appropriation Act, but the governor vetoed some of the accompanying accountability language.

The second proposal would turn the existing education reform fund into a multi-year research fund for public school demonstration projects, with accountability conditions similar to those proposed for the GRO fund projects. The fund would be overseen by LFC, the Legislative Education Study Committee, the Public Education Department, and the Department of Finance Administration.

Other legislation under consideration: **Wildfire emergency funds.** This

bill would create two nonreverting funds, one for wildfire response, now addressed through emergency appropriations from the appropriation contingency fund and the State Forestry Division's operating budget, and the other for wildfire preparedness.

Child welfare system reforms. Among other proposed changes, this bill amends the state Comprehensive Addiction and Recovery Act to make the Health Care Authority the lead agency, directs the creation of prenatal plans of safe care for substance-exposed infants, and directs the Children, Youth and Families Department to conduct family assessments in certain cases. The bill updates the differential response statute, sets a target for systemwide implementation, and codifies the federal Families First Prevention Services act in state statute. The bill also strengthens oversight of CYFD, including establishing a CYFD secretary nominating commission.

Economic development reporting. This bill would codify existing voluntary job creation and wage reporting in the Local Economic Development Act and Job Training Incentive programs and allow for LFC evaluators to access certain tax information.

Risk management controls. Two bills would attempt to limit losses to the state's public liability fund. Projected liabilities to the state's risk fund tripled in FY24 compared with typical years.

Transportation Costs Up Despite Declines

State funding for public school student transportation reached a record high of \$133.8 million in FY25 despite a drop in ridership, an LFC evaluation reports.

In the [progress report](#) on the public school transportation funding formula, the evaluators note the formula assumes school districts and charter schools use their transportation allocation efficiently, but districts vary widely on practices, and the state has no standards for measuring transportation efficiency.

The statutorily defined funding formula uses certain site characteristics—like miles driven by buses, number of riders, and number of buses—and works well for over 70 percent of the districts and charter schools, provid-

ing enough funds to cover at least 90 percent of actual expenses.

However, three school systems consistently spend significantly more than allotted and use operational funds to cover the difference.

Another 35 school systems spend less than allocated and revert half the excess to the transportation emergency fund, which has grown to over \$9 million.

The transportation formula was amended for this year to replace a density factor with one for rurality and the eight densest school districts received more money, but many medium-sized districts lost money, even though additional funds were appropriated to avoid any losses.

NM Has More Charging Stations per EV Than Most

New Mexico has a higher ratio of electrical vehicle (EV) charging stations to electrical vehicles than most states, with New Mexico's availability of one station for every 46.6 vehicles higher than the national average of 75 and the rate in similar states of 87, LFC staff report.

In the [policy spotlight](#) on EV charging infrastructure, evaluators note the state's ratio of charging ports of 19 EVs for every port is also better than the national average and the average in similar states.

This indicates, while New Mexico has fewer total charging options, its infrastructure is well-balanced, potentially offering less congestion at charging stations and better accessibility for EV owners, the report concludes.

New Mexico EV Charging Infrastructure Compared with U.S. and Similar States

	U.S. national	U.S. states avg.	Similar-states avg.	NM
EV charging stations	66,309	1,300	516	326
Ports	181,614	3,561	1,617	793
Registered vehicles	4,863,100	96,262	44,975	15,200
Ratio vehicles:stations	73.34	75.05	87.16	46.6
Ratio vehicles:ports	26.78	27.03	27.81	19.16

Note: Vehicle counts include registered electrical vehicles and plug-in hybrid electrical vehicles only. Charging stations include L2 and DCFC only, excluding the slower L1 generally used in homes.

Source: U.S. Department of Energy, Alternate Fuels Data Center

On the Table

Business Applications High but Dropping

New Mexico business applications in November were down by an average of 12 percent compared with a year earlier, continuing a trend of applications returning to prepandemic levels. Applications for the formation of new business entities soared in 2021 and jumped again in 2023. In 2024, however, applications saw a steady downturn, with year-over-year losses concentrated in September, October, and November. Applications in November 2024 were 81 percent higher than applications in November 2019.

AG says Radioactive Materials Used

The Attorney General and Environment Department are suing a Texas-based company that inspects oil and gas pipelines, alleging it stored radioactive materials in New Mexico without a license and doctored documents. ARC Inspection Services stored equipment and radioactive materials at a site in Eunice but did not have the proper license to operate in New Mexico.

State Can Give Money to Tribal Schools

A recent Attorney General opinion finds the Public Education Department did not violate the anti-donation clause of the state constitution or other state law when it distributed allocations from the Indian education fund to tribally controlled and federal Bureau of Indian Education schools within the state because the awards supported the purposes of the Indian Education Act. The Attorney General concluded the tangible benefits received by the state in exchange for providing funds did not constitute a gift. Generally, the anti-donation clause prohibits giving state money to entities outside of state government, although there are exceptions. Additionally, the Attorney General concludes the distribution to tribal and federal Indian schools, operated by government entities, did not violate provisions in law prohibiting the use of the funds to support any sectarian, denominational, or private schools.

Game and Fish Transfers Millions

The Department of Game and Fish in December submitted three budget adjustment requests for a total just under \$6.3 million in federal funds: \$4 million for rehabilitation of Bear Canyon Dam, a high hazard dam in the Bear Canyon Wildlife Area northeast of Silver City; \$1.7 million for the purchase of about 6 acres next to the department's Albuquerque office that is used by migrating water fowl; and \$600 thousand for an infrared camera for the department's airplane that will allow them to record wildlife movement at higher altitude to collect data without disturbing the animals. The agency also increased the budget for the Conservation Services Program within the 5 percent limit by transferring in \$671 thousand from the game protection fund. The agency says the additional funds are needed because of unfunded litigation involving elk depredation.

Horse Race Investigated

The State Racing Commission is investigating the outcomes of the September 2024 All American Futurity race because of the winning horse's behavior after the race. The \$3 million purse for the winner still has not been paid out and will be withheld until the investigation is concluded.

Transitions

Jim Abreu, director of Northeast Regional Education Cooperative, has announced his retirement after serving the cooperative for 14 years. Over the course of his 49 years in education, Abreu has served as superintendent of West Las Vegas schools and as dean of education at Highlands University.



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