

LFC Requester: _____

**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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{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}

Check all that apply:

Original Amendment _____
Correction _____ Substitute _____

Date 1/9/2025

Bill No: H21-341

Sponsor: McQueen **Agency Name and Code Number:** DFA-341
Short Title: LAND GRANT-MERCED ASSISTANCE FUND **Name:** Jeannette Gallegos
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
		(\$61.57)	Recurring	GF
		\$61.57	Recurring	Land Grant-Merced Assistance Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	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 21, introduced by Matthew McQueen and endorsed by the Land Grant Committee, aims to amend the Land Grant-Merced Assistance Fund in New Mexico. The bill proposes changes to the requirement thresholds for distributions from the fund, making the fund non-reverting, and includes technical changes. Specifically, the bill increases the revenue thresholds for land grants-mercedes to qualify for different levels of distribution from the fund. It also ensures that any balance remaining in the fund at the end of a fiscal year will not revert to the general fund but will remain available for distribution in the subsequent fiscal year.

The Department of Finance and Administration (DFA) is tasked with administering the Land Grant-Merced Assistance Fund. DFA receives a list of Audit-Act-compliant land grants-mercedes and their compliance levels from the state auditor by September 1 each year. Within thirty days of receiving this list, the Land Grant Council will determine which land grants-mercedes are assistance-qualified and their distribution categories. DFA, along with the state treasurer, will then distribute the appropriate funds to each qualified land grant-merced.

Distributions are made to land grant-mercedes based on their annual income exclusive of capital outlay, federal revenue or private grants. A full distribution is defined as the entirety of the fund balance equally divided amount qualified land grant-merced. Distributions are then made based on a full distribution as follows with the proposed threshold revisions:

Current legislation allows Land Grant-Merced with Annual Revenues of:	HB21 proposed revision would allow Land Grant- Merced with Annual Revenues of:	Receives a Distribution of XX% of a Full Distribution
Less than \$50,000	Less than \$100,000	100%
\$50,000 - \$249,000	\$100,000 - \$249,000	75%
\$250,000 - \$500,000	\$250,000 - \$499,000	50%
Greater than \$500,000	\$500,000 or more	25%

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

DFA has distributed the Land Grant-Merced Assistance Fund since FY23. Below is a comparison of these distributions of the current thresholds to the revised thresholds to illustrate the difference these revisions would have had in this same period.

	Current Legislation				Under HB21 Proposed Legislation			
	FY23	FY24	FY25	Total	FY23	FY24	FY25	Total
Amount available for Distribution	\$2,000,000.00	\$2,016,605.00	\$2,093,065.00	\$6,109,670.00	\$2,000,000.00	\$2,016,605.00	\$2,093,065.00	\$6,109,670.00
# Land Grants who received 75%	1	4	2	7	1	2	0	3
75% Distribution Amount	\$83,333.00	\$73,470.00	\$92,341.00	\$249,144.00	\$83,333.00	\$73,470.00	\$92,341.00	\$249,144.00
Total amount distributed at 75%	\$83,333.00	\$293,880.00	\$184,682.00	\$561,895.00	\$83,333.00	\$146,940.00	\$0.00	\$230,273.00
# Land Grants who received 100%	17	13	15	45	17	15	17	49
100% Distribution Amount	\$111,111.00	\$97,960.00	\$123,121.00	\$332,192.00	\$111,111.00	\$97,960.00	\$123,121.00	\$332,192.00
Total amount distributed at 100%	\$1,888,887.00	\$1,273,480.00	\$1,846,815.00	\$5,009,182.00	\$1,888,887.00	\$1,469,400.00	\$2,093,057.00	\$5,451,344.00
Total Land Grants	18	17	17	52	18	17	17	52
Total Distribution	\$1,972,220.00	\$1,567,360.00	\$2,031,497.00	\$5,571,077.00	\$1,972,220.00	\$1,616,340.00	\$2,093,057.00	\$5,681,617.00
Amount Reverted	\$27,780.00	\$449,245.00	\$61,568.00	\$538,593.00	\$27,780.00	\$400,265.00	\$8.00	\$428,053.00

The proposed legislation would have increased the total land grant distributions in FY25 by \$61.5 thousand. Overall, between FY23 and FY25, the revenue thresholds under HB21 would have increased the distribution to the land grants by \$110,540 by having four land grants receive a full distribution instead of a 75% distribution.

HB21 also states that any balance remaining in the fund at the end of a fiscal year shall not revert and shall remain in the fund for distribution in the subsequent fiscal year. Therefore, if this fund was non-reverting during this same period (FY23 through FY25) with the increased thresholds, it would have resulted in a decrease to the general fund of \$428,053.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 25, Land Grant-Merced Infrastructure Act. HB 25 establishes a project fund and an earmark from the STB capacity, as another funding source for land grants-mercedes.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

This legislation impacts local governments and municipalities by providing a structured and transparent process for distributing funds to land grants-mercedes, ensuring that those in compliance with the Audit Act and other relevant statutes receive the financial support they need.

The consequences of not enacting this bill is that funds earmarked for the land grants may not be distributed in its entirety to the land grants under the current thresholds.

AMENDMENTS