

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)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$100.00	\$100.00	\$100.00	\$300.00	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act: HB2 references \$350 million for the Community Benefit Fund. The general fund transfer is in fiscal year 2026 contingent on the legislation of the first session of the fifty-seventh legislature creating the fund.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 49 (SB49) makes appropriations and transfers from the Community Benefit Fund contingent on the enactment of the fund during the first session of the fifty-seventh legislature and the provision of funding for the fund. SB49 specifies that a total of \$340 million will be transferred and/or appropriated to various state agencies, grant programs, and funds from the Community Benefit Fund. This bill works in conjunction with SB48, which introduces the Community Benefit Fund and outlines parameters for the funds' use.

FISCAL IMPLICATIONS

Additional staff within the Economic Development Department (EDD) is needed to meet the tasking of SB48, associated with the transfers proposed by SB49. The estimated annual cost to the agency is \$100 thousand including employee salary and benefits.

SIGNIFICANT ISSUES

SB49 closely relates to additional legislation from the 2025 regular session, especially SB48, which creates the Community Benefit Fund to which the transfers in SB49 are initiated. Both bills are also closely related to SB83, which creates the Innovation in State Government Fund to facilitate strategic planning for climate action and sustainable economic development.

SB83's emphasis on strategic planning supports agencies in making informed investments through the Community Benefit Fund, including to diversify the New Mexico economy away from dependence on extractive industries.

EDD is already leading interagency efforts to conduct strategic planning by way of Laws 2021 Chapter 42, SB112, which was enacted as an unfunded mandate initially. Later in 2023, EDD received temporary funding via a special appropriation, enabling the department to hire one FTE to oversee the department's strategic planning efforts. Currently, EDD's sole FTE devoted to strategic planning is responsible for all policy research and analysis, stakeholder and community engagement, authorship, and implementation of EDD's statewide strategic plan, known as *Empower and Collaborate*. The funding for this single FTE is set to expire in FY27.

However, since the FTE's arrival in October of 2023, the department has continued to experience significant strain due to a lack of dedicated resources and staff capacity given the substantial responsibilities of the single FTE. Consequently, this package of legislation (including SB83, SB48, and SB49) will add capacity and resources to existing efforts within EDD; as a result, the department will be able to maximize the potential of its existing strategic planning initiatives and will be able to make investments through the Community Benefit Fund.

Investments in strategic planning, augmented by SB83, will ensure prudent investments in diversified industries. Since the release of EDD's *Empower and Collaborate* state plan in 2021, and throughout subsequent updates to that document, EDD continues to refine its understanding of New Mexico's competitive advantage in target sectors and sub-industries. Thus, resources from the Community Benefit Fund will be invested strategically toward priorities that yield optimal revenue and job creation; the Community Benefit Fund allows EDD to act on its strategic planning through programs that support growth in New Mexico's target sectors.

PERFORMANCE IMPLICATIONS

EDD's single FTE devoted to strategic planning lacks bandwidth to undertake any additional work beyond their current responsibilities; distribution of targeted investments from the Community Benefit Fund will require additional staff to administer programs. Otherwise, the agency's already-strained strategic planning initiatives will lack sufficient staff capacity.

ADMINISTRATIVE IMPLICATIONS

One FTE within EDD conducts strategic planning toward greater economic diversification, resilience, and sustainability. The tasking of SB48, associated with the transfers proposed by SB49, requires an additional FTE to support the expanded scope of EDD's existing efforts to include programmatic activities involved in distributing funds from the Community Benefit Fund, as required by SB48.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

As stated in Significant Issues, this legislation relates to other bills proposed in the 2025 Regular Session, including SB48 and SB83. It also relates to previous legislation, including Laws 2021 Chapter 42, SB112.

Notably, by way of EDD's Sustainable Economy Task Force and through other avenues, the department continues to engage in interagency collaboration, including with all the agencies and entities mentioned as recipients of resources in SB49 and SB83. EDD's existing strategic planning efforts and data analysis are available to support investments in sustainable economic development, clean energy, and climate action by other agencies through the Community Benefit

Fund.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted as part of the broader package of legislation indicated above, the department will lack dedicated resources for strategic planning and resources to make prudent investments toward diversifying New Mexico's economy. In particular, the passage of SB49 is crucial to the appropriations and transfers necessary to distribute funds from the Community Benefit Fund created through SB48.

AMENDMENTS

EDD suggests expanding language allowing for program administration and staffing.