

LFC Requester: _____

**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}

Check all that apply:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date Prepared _____
Bill Number: SENATE BILL 83

Sponsor: Stewart
Short Title: INNOVATION IN STATE GOVERNMENT FUND

Agency Name and Code DFA-341
Number: _____
Person Writing Hallie Brown
Phone: _____ **Email** _____

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	(\$10,000)	Nonrecurring	GF
	\$10,000	Nonrecurring	GF

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$109.128			R	GF
		\$137.500			Nonrecurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SB 48
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 83 aims to create the "Innovation in State Government Fund" to support state agencies in developing master plans and enhancing their capacity to implement climate change policies. It also includes provisions for transferring and appropriating funds to support these initiatives. Key Provisions include:

- Creation of the Fund:
 - The "Innovation in State Government Fund" is established as a non-reverting fund in the state treasury.
 - The fund will consist of distributions, appropriations, gifts, grants, donations, bequests, and income from investments.
 - The Department of Finance and Administration will administer the fund.
- Use of Funds:
 - Funds may be appropriated to state agencies to:
 - Achieve net-zero emissions.
 - Implement sustainable economic policies.
 - Provide technical support for grant applications addressing climate change.
 - Implement or reduce barriers to climate change policies.
 - In case of a fiscal deficit, the legislature may appropriate funds to the general fund to meet necessary appropriations, but only after exhausting other reserves.
- Reporting Requirements:
 - State agencies receiving funds must submit an annual report and budget to the Department of Finance and Administration by June 30, detailing fund expenditures and justifying any program structure changes or requests to expand appropriation purposes.
- Definitions:
 - "Greenhouse gas" includes gases like carbon dioxide, methane, and others contributing to the greenhouse effect.
 - "Net-zero emissions" means direct emissions fully offset.
 - "Sustainable economic policies" promote job creation, revenue diversification, and long-term economic growth.

- Fund Transfer:
 - \$10 million is transferred from the general fund to the Innovation in State Government Fund.
- Appropriations:
 - \$2.5 million is appropriated to the Department of Environment and the Energy, Minerals, and Natural Resources Department for fiscal years 2026 and 2027.
 - \$1 million is appropriated to the Department of Transportation, Economic Development Department, Workforce Solutions Department, Public Regulation Commission, and State Land Office for fiscal years 2026 and 2027.
- Unexpended or unencumbered balances at the end of fiscal year 2027 will revert to the Innovation in State Government Fund.

FISCAL IMPLICATIONS

- Senate Bill 83 provides a total of \$10 million in direct appropriations to the Innovation in State Government Fund from the General Fund. Any funds not used by the end of fiscal year 2027 will revert back to the Innovation in State Government Fund.
- The fiscal impact on the DFA will primarily involve administrative costs associated with managing the Innovation in State Government Fund, processing expenditures, and overseeing the reporting requirements from state agencies. DFA has not included any costs to cover anticipated fiscal impacts in its base budget. The particular fiscal impacts include the following:
 - Administrative Responsibilities:
 - The DFA will be responsible for managing distributions, appropriations, gifts, grants, donations, bequests, and income from investments.
 - The DFA will need to process expenditures from the fund, which will be done by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary or the secretary's authorized representative.
 - Reporting and Oversight:
 - The DFA will need to review and oversee annual reports and budgets submitted by state agencies that receive funding.
 - These reports will detail how the funds are expended and justify any changes to program structures or requests to expand appropriation purposes.
 - Based on implementing similar grant programs in FY24, the estimated administrative cost of setting up this program is \$137,500.
- DFA will need to allocate additional resources, such as staff time and administrative support, to provide on-going management of the new fund and ensure compliance with

the reporting and oversight requirements. DFA anticipates utilizing its Infrastructure Planning and Development Division to perform administrative tasks associated with SB 83. DFA anticipates its administrative responsibilities to account for 1,912 work hours per year, totaling approximately \$109,128.19. (See Cost Estimate Below).

FTE Cost Detail	
Salary (70)	76,960.00
Benefits	27,538.00
ISD Rate	864.18
HCM Assessment Fee	350.00
Telecom Rate	616.01
On-Boarding Equipment	2,800.00
Total FTE Cost	109,128.19

SIGNIFICANT ISSUES

N/A

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

The administrative implications of Senate Bill 83 include the following:

- Creation and Management of the Fund;
- Expenditure Processing;
- Reporting and Oversight; and
- Coordination with State Agencies;

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

- Funding appropriated to the 5 agencies in the bill, but not utilized by the close of FY27 will revert to the fund. The bill does not enumerate uses for funding that is reverted at the end of FY27. Amendments to this bill or future legislation would be required to reappropriate the reverted funds.

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without the fund, state agencies may lack the necessary financial resources to:

- Achieve net-zero emissions by addressing greenhouse gas emissions comprehensively.
- Develop and implement climate adaptation and mitigation policies tailored to New Mexico's specific needs.
- Advance renewable energy projects, energy efficiency programs, and sustainable practices in critical industries.

Without dedicated resources for technical assistance, New Mexico may struggle to secure federal and private grants for climate-related initiatives that require advanced planning and expertise.

AMENDMENTS