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(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	0	\$100.00	\$100.00		Nonrecurring	General Fund

(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: SB83 creates the Innovation in State Government Fund, allowing agencies to devise master plans and implement climate change policy and sustainable economic development. The fund is administered by the Department of Finance Administration (DFA) and appropriated to state agencies. Agencies receive a one-time appropriation for expenditure between FY26 and FY27, and a total amount of \$10 million is divided amongst them. Agencies report to DFA regarding their use of funds from the Innovation in State Government Fund.

Master plans must cover topics including achieving net zero, pursuing sustainable economic development, providing technical assistance to support entities applying for grants and other climate change-related funding, and reducing barriers to implementing climate change policy. Further, through the fund, agencies conduct strategic planning toward targeted investments in infrastructure, long-term economic growth, and diversification of jobs and revenue away from extractive industries.

FISCAL IMPLICATIONS

Additional staff within EDD is needed to meet the tasking of SB83, with an estimated annual cost of \$100 thousand including employee salary and benefits.

SIGNIFICANT ISSUES

SB83 closely relates to additional legislation from the 2025 regular session, especially SB48 and SB49. SB83’s focus on creating master plans for a more diversified and sustainable economy works in conjunction with SB48 and SB49’s call for a Community Benefits Fund, which will direct targeted investments toward a variety of purposes, including economic diversification 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.

PERFORMANCE IMPLICATIONS

Additional resources to conduct strategic planning toward a more sustainable and diversified economy will optimize the impact of the department's activities. Furthermore, with the addition of an FTE, SB83's added focus on comprehensive climate planning enables EDD to better coordinate with sister agencies. The department already participates in the Climate Change Task Force to support the Governor's Office with economy-wide climate action planning, and its contributions will be strengthened through added capacity in the form of a dedicated FTE.

ADMINISTRATIVE IMPLICATIONS

One FTE within EDD conducts strategic planning toward greater economic diversification, resilience, and sustainability. The tasking of SB83 requires an additional FTE to support the expanded scope of EDD's existing efforts to include comprehensive climate action as required by SB83.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

As stated in Significant Issues, this legislation relates to other bills proposed in the 2025 Regular Session, including SB48 and SB49. It also relates to previous legislation, including Laws 2021 Chapter 42, SB112.

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, including comprehensive climate action. Without strategic planning, agencies cannot make prudent investments, including in New Mexico's target industries. Thus, resources for strategic planning are vital to informing the agency's programmatic decisions and placement of limited resources.

AMENDMENTS

EDD suggests expanding language allowing for program administration and staffing.