

LFC Requester:

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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}*

**Date Prepared:** 1/30/2025 *Check all that apply:*  
**Bill Number:** SB162 Original  Correction   
 Amendment  Substitute

**Sponsor:** Pete Campos **Agency Name** Economic Development  
**Short Title:** Severance Tax Permanent **and Code** Department  
Fund Investments **Number:** 41900  
**Person Writing** Daye Kwon  
**Phone:** 525-946-7291 **Email** daye.kwon@edd.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

**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)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(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:

Senate Bill 162 (SB162) amends the investment limits of the severance tax permanent fund in Section 7-27-5.15 NMSA 1978 under the Severance Tax Bonding Act. The maximum allowable investment in New Mexico private equity funds and New Mexico businesses changes from 11 percent of the market value of the fund to a fixed cap of seven hundred million dollars (\$700,000,000).

Concerning the authorization of the state investment officer to invest in New Mexico businesses to create jobs and foster the growth of new and developing businesses, SB162 removes the phrase “but not limited to” from the list of eligible science and technology fields. This change focuses the state investment officer’s investment authority on the specifically listed fields, reducing flexibility to include additional, unspecified fields.

Additionally, SB162 continues to require the state investment officer to invest two percent of the market value of the severance tax permanent fund pursuant to the Small Business Investment Act and five hundred million dollars (\$500,000,000) pursuant to the Small Business Recovery and Stimulus Act. However, it removes language that previously tied both investments to other investment provisions and requirements, making these investments independent commitments.

The effective date of the provisions is July 1, 2025.

#### **FISCAL IMPLICATIONS**

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

#### **SIGNIFICANT ISSUES**

The \$700,000,000 cap on investments in New Mexico private equity funds and businesses provides certainty and financial stability, ensuring a defined investment limit. However, if investment demand exceeds this cap, access to state investment may become more competitive, potentially slowing capital flow to businesses seeking to expand.

The narrowing of eligible science and technology fields ensures targeted growth in specified industries, strengthening New Mexico’s existing industry clusters and attracting specialized investment. However, it also reduces flexibility to support emerging industries not explicitly listed, potentially limiting the state’s ability to adapt to evolving economic trends. Future high-growth sectors may face constraints in accessing state investment despite their economic

potential.

**PERFORMANCE IMPLICATIONS**

**ADMINISTRATIVE IMPLICATIONS**

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

**AMENDMENTS**