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 the analysis is on an original bill, amendment, substitute, or a correction of a previous bill}

Check all that apply:

Original ___ **Amendment** x
Correction ___ **Substitute** ___

Date Prepared 2/5/2025
Bill Number: SB 274

Sponsor: Sen. Wirth; Rep. Lujan
Short Title: Board of Finance Approval for Land Sales

Agency Name and Code Number: DFA-341
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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 Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	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

Amendments in Context

- The Senate Finance Committee's amendments to SB 274 correct a drafting error on Page 7, Line 12. In striking "state educational institutions", the drafter inadvertently left an incomplete sentence in the bill. The amendment adds "community colleges" to the end of the sentence to reflect that community colleges require approval from the higher education department of real and tangible personal property dispositions of more than $30,000 in value.
- Approval of property dispositions by community colleges is contemplated in the current statute, so this does not present any change to entities for which dispositions require state approval. It simply corrects the incomplete sentence created through the drafting error.
- No other changes to the bill were made, and the amendment does not change the analysis of the State Board of Finance of Senate Bill 274.

ORIGINAL BILL SUMMARY

Synopsis:

SB 274 increases the financial thresholds for state approval of real and tangible personal property dispositions by state agencies, counties, school districts special districts, and community colleges. The threshold for real and tangible personal property dispositions requiring state approval would increase from $5,000 to $30,000. The threshold for real property dispositions requiring board of finance approval would increase from $25,000 to $150,000, and the threshold for state agency dispositions requiring legislative approval would increase from $100,000 to $550,000. The bill ensures that significant transactions involving state property are subject to state and legislative oversight. Key changes include:

- **Section 13-6-1, NMSA 1978,** would be amended by increasing the threshold for approval of tangible personal property disposition from $5,000 to $30,000.

- **Section 13-6-2, NMSA 1978,** would be amended by increasing the threshold for approval of real or tangible personal property dispositions by the Department of Finance and Administration (DFA)'s state budget division, DFA's local government division, public education department, and higher education department from $5,000 to $30,000.

- **Section 13-6-2.1, NMSA 1978,** would be amended by increasing the threshold for approval of real property dispositions, including leases, by the state board of finance from $25,000 to $150,000.

- **Section 13-6-3, NMSA 1978,** would be amended by increasing the threshold for ratification and approval of real property dispositions, including leases, by the state legislature from $100,000 to $550,000.

FISCAL IMPLICATIONS

- DFA anticipates SB 274 will cause a minimal fiscal impact on state and local entities. DFA anticipates that state agencies and the board of finance will be able to absorb any administrative impacts from existing staff and resources.

  - The state will likely see a decline in the need for resources dedicated to real and tangible personal property dispositions. State agencies are the only entities to review tangible personal property dispositions. Thus, the number of transactions reviewed and approved will decrease with an increase in the threshold from $5,000 to $30,000.

  - For real property dispositions, which are reviewed by state agencies and the board of finance, current approvals below $30,000 will no longer be required, while those between $30,000.01 and $149,999.99 will be added.

    - For example, the board of finance reviewed five (5) real property sales in 2024, three (3) of which would have been reviewed by the DFA local government division, and none would have fallen under PED or HED under the proposed amendments.

    - The board of finance will also be able to absorb any impacts with existing staff and resources. The changes may reduce the time staff and board members spend reviewing and approving real property dispositions. The board will no longer review transactions between $25,000 and $100,000, but it will review transactions above $150,000 (with the exception of state agency transactions above $550,000).

  - The increases in real property thresholds represent stepped shifts upward in valuation.

- As mentioned above, the board of finance's existing staff and resources are sufficient to meet any impact of the changes. The changes may reduce the time staff and board members spend reviewing and approving transactions. Overall, real property leases would decrease, but lease term is still a factor in the review of lease agreements.

- SB 274 is anticipated to result in efficiencies and cost savings for counties, school districts, and community colleges, reducing the burden on public bodies generally.

- Fewer tangible personal property transactions need to be submitted to the state for review and approval, which should save New Mexico public bodies staff time.

- Given the lower monetary value of real property dispositions, state agencies' review requirements are not typically as extensive as those of the board of finance.

- Leases with terms of five years or less and less than $150,000 will no longer require board of finance approval. This will reduce the number of leases public bodies must submit to the state board of finance for approval.

SIGNIFICANT ISSUES

N/A

PERFORMANCE IMPLICATIONS

- The proposed increases to approval thresholds reflect inflationary and market changes since the values were last set. As the thresholds held static for decades, the requirement for approvals has become increasingly misaligned with the original intent of the statutes.

    - State oversight of real and personal property transactions was established to encompass many transactions, but the lowest monetary transactions did not require such oversight. This misalignment ultimately increases the burden on counties, school districts, special districts, and community colleges, as even some of the lowest-value dispositions must go through the state approval process.

ADMINISTRATIVE IMPLICATIONS

- The proposed changes to property disposition thresholds will result in a reduction in agency approvals of tangible personal property dispositions. The shifting upward of approval thresholds for real property would result in minimal increases in reviews and approvals of real property dispositions by state agencies.

- It is anticipated that the reduction in reviews and approvals of personal property dispositions will largely mitigate any minimal increases in real property disposition approval impacts.

    - Based on data provided by the public education department, the majority of property dispositions reviewed since 2003 have been tangible personal property dispositions (approximately 158 transactions versus 80 real property). Data from the Department of Finance and Administration's local government division indicates a similar trend.

- Should SB 274 be enacted, the burden on counties, school districts, special districts, and community colleges would be lessened, particularly for tangible personal property approvals.

    - The lowest-value transactions for real and personal property would not require state approval.

    - Middle-range real property transactions would go through state agency processes, which are typically expedited.

    - Higher-value transactions would require the approval of the board of finance, which ensures additional transparency and review. Both board staff and the board itself would review and approve.

    - The state legislature's oversight of sizeable real property transactions would remain, but at more appropriate levels.

    - Thus, the proposed amendments retain the intent that state approval of county, school district, special district, and community college property dispositions increase in transparency and oversight with the increase in the monetary value of the transaction

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A.

TECHNICAL ISSUES

N/A.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

N/A.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB 274 is not enacted, the thresholds for state approval of tangible personal and real property dispositions, including real property leases, for state agencies, counties, school districts, special districts, and community colleges will continue to be misaligned with current property valuations, given inflationary changes since the thresholds were last established. These public bodies would continue to see unnecessary burdens in submitting minor, less substantial property dispositions for state approval.

- The existing $5,000 threshold for state agency approval of tangible personal property and real property dispositions has not changed since 1987.
- The existing $25,000 threshold for board of finance approval has not changed since 1989.
- The existing $100,000 threshold for legislative approval has not changed since at least the 1960s.

AMENDMENTS

N/A.