

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}

Date Prepared: 3/5/2025 *Check all that apply:*
Bill Number: S425-341 Original Correction
 Amendment Substitute

Sponsor: Sen. Shendo **Agency Name and Code** DFA-341
Short Title: CAPITAL OUTLAY REAUTHORIZATIONS **Number:** _____
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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 revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$405.0	\$405.0	\$810.0	Recurring	GF

(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 425 (SB 425) reauthorizes 4 capital projects authorized in previous years from various funds. Reauthorizations of capital outlay projects range from changing the administering agency or the original purpose of the project, extending the reversion date, or expanding the purpose of the original project. This bill contains an emergency clause and would become effective immediately on signature by the governor (List of reauthorizations will be provided as an amendment to SB 425 or as a committee substitute for SB 425).

FISCAL IMPLICATIONS

- SB 425 reauthorizes projects funded with severance tax bonds, the general fund, and other state funds.
- The reauthorization of funds contained in this bill does not require new capacity and are a nonrecurring expense to the general fund (GF), severance tax bond (STB) fund, or other state funds (OSF).
- Any unexpended balances remaining at the end of the fiscal year as designated in the bill shall revert to the originating fund three months after the reversion date.
- Section 2(C) of the bill provides that the balance of appropriations made from the general fund or other state funds to the Indian Affairs Department or the Aging and Long-Term Services Department for a project located on lands of an Indian nation, tribe, or pueblo shall revert to the tribal infrastructure project fund.
- For the reauthorizations contained in this bill, "unexpended balance" is defined as the remainder of an appropriation after reserving for unpaid costs and expenses covered by binding written obligations to third parties.
- All remaining balances of an appropriation from the GF or OSF shall revert three months after the reversion date for the unexpended balance.

SIGNIFICANT ISSUES

- The number of projects proposed for reauthorization in SB425 will be more than the number of reauthorizations requested in 2024, with more than three-quarters requesting an extension of time for the expenditure of funds.
- The need for expenditure extensions may reflect projects that were not ready to start or may have been delayed due to labor and supply shortages and cost escalations.
- Reauthorization requests from state agencies and higher education institutions require approval by the Department of Finance and Administration (DFA) before inclusion in the bill.
 - The project sponsor approves local reauthorization requests.
- Last year, a total of 257 projects were reauthorized with 307 reauthorizations the year before.
- This year that number is expected to be well over 300 and possibly 400. The average number of reauthorizations over the past 5 years was 186 projects with the fewest being

in 2021 with only 93 projects.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

- The state agencies, state institutions, and tribal institutions that receive bond proceeds are responsible for overseeing the projects funded by this bill. They must ensure compliance with the New Mexico Constitution and applicable laws. This oversight includes monitoring all financial transactions and reporting related to the projects.
- Reauthorizations impose an undue burden on both state agency staff and the Department of Financial Assistance (DFA).
- Once the bill is signed, all work on these projects will need to stop, outstanding invoices paid, encumbrances reduced at the agency level, and budgets on the original appropriation are to be reduced to \$0.

- Once the funds are re-budgeted under the new appropriation ID, the funds can be re-encumbered, and the projects can proceed. This delay could take up to 1-3 months or longer depending on the state agency and time of year.

- Due to the volume of the reauthorizations each year and the administrative impact it has on the agency, DFA would need 3 FTE to process these requests efficiently and effectively.
 - 1 FTE in capital budget,
 - 1 FTE in local government division,
 - 1 FTE in the administrative services division.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Funds authorized to projects requesting time extensions with 2025 reversion dates would revert to the originating funds. Funds for projects requesting reauthorization for a change of purpose or change of agency are unlikely to proceed and would revert at the date specified in the previous legislative authorization.

AMENDMENTS