

<b>LFC Requester:</b>	
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**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:** 2/21/2025 *Check all that apply:*  
**Bill Number:** S432-341 Original  Correction   
 Amendment  Substitute

**Sponsor:** Sen. Gonzales **Agency Name and Code** DFA-341  
**Short Title:** BEHAVIORAL HEALTH GRANT PGM. & FUND **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	(19,761.)	R	General Fund
	9,880.	R	Behavioral Health grant program fund
	9,880.	R	HCA
	(Unk)	R	Cannabis excise tax fund

(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)**

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>		258.5	258.5	517.0	R	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 432 (SB432):

- Creates the behavioral health grant program and grant fund
- distributes to the behavioral health grant program fund from net receipts attributable to the liquor excise tax (LET) and the cannabis excise tax (CET)
- Distributes a portion of the (LET) to the Health Care Authority to increase Medicaid reimbursement for community-based programs and services for the prevention, treatment, and screening of behavioral health issues.
- The new behavioral health grant program makes grants to municipalities and counties for new or existing community-based programs or services for the prevention, treatment and screening of behavioral health issues.
- The grants will be awarded by the local government division of the department of finance and administration, only to counties or municipalities that submit an adopted behavioral health plan
- The division will consult with the behavioral health services division of the health care authority to develop and use guidelines to ensure equity when selecting grant recipients using selected guardrails.
- The division shall administer and evaluate the program including promulgate rules.
- Adds to section 7-1-6.1 NMSA1978 a 2% distribution of the LET to the behavioral health grant program
- Adds to section 7-1-6.1 NMSA1978 a 2% distribution of the LET to the Health Care Authority to increase the Medicaid reimbursement for new or existing programs or services for prevention, treatment and screening of behavioral health issues.
- Adds to section 7-1-6.68 NMSA 1978 a 5% distribution of the CET to the behavioral health grant program fund.
- The department may deduct up to 3% of the distributions for reasonable costs for administering the new grant program.
- The bills effective date is July 1, 2025.

**FISCAL IMPLICATIONS**

- SB432 will impact the administrative operations of the DFA, specifically its Local Government Division.
- Administrative Costs: DFA will incur administrative costs related to the development, execution and administration of fund distributions for the Behavioral Health Grant Program as well as ensuring compliance and providing financial oversight for the expenditure of state funds.

- LGD anticipates 4,160 additional hours and expenses at an annual cost of \$258,548 (2 FTE pay band range 75) to administer and monitor this program.

## **SIGNIFICANT ISSUES**

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

- Overall, SB432's administrative implications involve significant responsibilities for LGD in terms of execution, administration, and monitoring of the Behavioral Health Grant Program.
- LGD will promulgate rules and develop the grant process to eligible counties and municipalities.
- LGD will issue, administer and monitor these grant agreements as well as provide compliance monitoring, financial oversight and program evaluation.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

- SB432 conflicts with HB417 and SB431 which distributes 94% of the LET to the Local Alcohol Harms Alleviation fund and 6% to Drug Courts.
- Conflicts with HB460 which repeals the Liquor Excise Tax Act
- Relates to SB3, SB378

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

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

## **AMENDMENTS**