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SENATE BILL 125

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Michael Padilla

AN ACT

RELATING TO PUBLIC SCHOOL CAPITAL OUTLAY; CREATING THE BUILDING SYSTEM INNOVATION PROJECT INITIATIVE TO PROVIDE GRANT ASSISTANCE FOR THE CONCERTED REPLACEMENT OF HEATING, VENTILATION AND AIR CONDITIONING AND ELECTRICAL DISTRIBUTION SYSTEMS TO EXTEND THE USEFUL LIFE OF A BUILDING, PROMOTE STUDENT HEALTH AND SAFETY, PROMOTE ENVIRONMENTAL PROTECTION AND REDUCE THE COSTS OF ENERGY CONSUMPTION; MAKING CONFORMING AMENDMENTS TO THE PUBLIC SCHOOL CAPITAL OUTLAY ACT; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 22-24-4.6 NMSA 1978 (being Laws 2015, Chapter 93, Section 3, as amended) is amended to read:

"22-24-4.6. BUILDING SYSTEM REPAIR, RENOVATION OR REPLACEMENT.--

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1 A. The council shall develop guidelines for a
2 building system repair, renovation or replacement initiative
3 pursuant to the provisions of this section, and, except as
4 provided in Section 22-24-13 NMSA 1978, those guidelines shall
5 apply to all applications and grant assistance awards for
6 building system repair, renovation or replacement projects.

7 B. A school district [~~desiring a grant award~~
8 ~~pursuant to this section shall submit~~] may request grant
9 assistance for a building system repair, renovation or
10 replacement by submitting an application to the council. The
11 application shall include an assessment of the building system
12 that, in the opinion of the school district, the repair,
13 renovation or replacement of which would extend the useful life
14 of the building itself.

15 C. Upon receipt of an application, the authority
16 shall verify the assessment made by the school district and
17 rank the application with similar applications pursuant to a
18 methodology adopted by the council.

19 D. [~~After a public hearing and to the extent that~~
20 ~~money is available in the fund for such purposes, the council~~
21 ~~shall approve building system repair, renovation or replacement~~
22 ~~projects on the established priority basis~~] The council shall
23 review an application at a public hearing and, subject to
24 availability of money in the fund, approve grant assistance for
25 building system repair, renovation or replacement projects in

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1 accordance with the priorities adopted by the council; provided
2 that no project shall be approved unless the council determines
3 that the school district is willing and able to pay the portion
4 of the total cost of the project that is not funded with grant
5 assistance from the fund.

6 E. The [~~state share~~] state's and school district's
7 shares of the total cost of an approved building system repair,
8 renovation or replacement project shall be calculated pursuant
9 to the methodology in Subsection B of Section 22-24-5 NMSA
10 1978.

11 F. A grant made pursuant to this section shall be
12 expended by the school district within three years of the grant
13 allocation."

14 SECTION 2. A new section of the Public School Capital
15 Outlay Act, Section 22-24-13 NMSA 1978, is enacted to read:

16 "22-24-13. [NEW MATERIAL] BUILDING SYSTEM INNOVATION
17 PROJECT INITIATIVE.--

18 A. As used in this section, "building system
19 innovation project" means a building system replacement project
20 that involves the concerted replacement of a heating,
21 ventilation and air conditioning system and an electrical
22 distribution system.

23 B. Beginning July 1, 2025, a school district may
24 submit an application for grant assistance for a building
25 system innovation project to the council. The application

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1 shall include:

2 (1) an assessment of the existing heating,
3 ventilation and air conditioning and electrical distribution
4 systems; and

5 (2) a description of desired replacement
6 systems that, in the opinion of the school district, will
7 extend the useful life of the building, promote student health
8 and safety, promote environmental improvement and reduce the
9 costs of energy consumption.

10 C. The authority shall verify the assessment and
11 evaluate the description submitted with an application and rank
12 the application with other grant assistance applications for
13 building system innovation projects in accordance with council
14 rules.

15 D. The council shall review an application at a
16 public hearing and, subject to availability of money in the
17 fund for that purpose, approve the application if the council
18 determines that the building system innovation project is
19 likely to extend the useful life of the building, promote
20 student health and safety, promote environmental improvement
21 and reduce the costs of energy consumption.

22 E. The council shall prioritize applications for
23 building system innovation projects that:

- 24 (1) are eligible to receive federal funding;
25 (2) include the replacement of an evaporative

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1 cooling system; or

2 (3) utilize photovoltaic technology in the
3 electrical distribution system.

4 F. The state's and school district's shares of the
5 total cost of a project shall be calculated in accordance with
6 Subsection B of Section 22-24-5 NMSA 1978. The council shall
7 not approve an application unless it determines that the school
8 district is willing and able to pay the school district's share
9 of the total cost of a project.

10 G. Grant assistance awarded pursuant to this
11 section shall be expended by the school district within three
12 years from the date the council approved the application."

13 **SECTION 3. APPROPRIATION.**--Ten million dollars
14 (\$10,000,000) is appropriated from the general fund to the
15 public school capital outlay fund for expenditure in fiscal
16 year 2026 and subsequent fiscal years to provide grant
17 assistance for building system innovation projects. Any
18 unexpended or unencumbered balance remaining at the end of a
19 fiscal year shall not revert to the general fund.