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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 03/03/25

SPONSOR Roybal Caballero

BILL
NUMBER House Bill 520

SHORT TITLE Sustain The Families Trust Fund

ANALYST Gygi

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Unknown	See fiscal implications	See fiscal implications	See fiscal implications	See fiscal implications	See fiscal implications	See fiscal implications	Sustain the Families Trust Fund

Parentheses () indicate revenue decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
SIC	See fiscal implications	See fiscal implications	See fiscal implications	See fiscal implications	Recurring	

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Department of Finance and Administration (DFA)
 Health Care Authority (HCA)
 State Investment Council (SIC)

Agency Analysis was Solicited but Not Received From
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of House Bill 520

House Bill 520 (HB520) seeks to create a sustain the families trust fund in the state treasury, to be used at a future date to issue income subsidies for lower income New Mexicans, as provided by law. The fund is to be invested by the State Investment Officer and State Investment Council (SIC) in accordance with the Uniform Prudent Investor Act (UPIA), in consultation with the secretary of the Health Care Authority. The bill requires annual reporting to appropriate interim legislative committees.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

HB520 creates a new fund in the State Treasury but does not include an appropriation and does not indicate a revenue source or a process for distributions, so there is no immediate revenue impact.

SIC reports it will need additional resources for investment, accounting, and administrative staff to implement HB520 should it be enacted. Because the bill does not specify a source of contributions or a mechanism for distributions from the fund, the agency does not provide an estimate of the costs of needed resources.

SIGNIFICANT ISSUES

HB520 does not follow best practices recommended by SIC to establish trust and program fund structures as separate entities, with the trust contributing to a program/expenditure fund that will then deliver distributions. Further, according to SIC, funds with an investment horizon of one-year or less should not be invested by SIC but rather by the State Treasurer's Office.

The Health Care Authority reports that subsidies from the new fund potentially could impact eligibility for benefits the Supplemental Nutrition Assistance Program (SNAP), Cash Assistance, Medicaid and Low-Income Home Energy Assistance (LIHEAP) programs. Lacking a definition of "lower income" in HB520 or further information on the amount, frequency and duration of the subsidy, HCA cannot definitely say how this will impact recipients of public assistance.

ADMINISTRATIVE IMPLICATIONS

SIC notes 15 bills introduced this session, including HB520, would create new funds to be managed by the SIC. However, the bills do not provide funds for implementation and increased operating costs. SIC reports its assets have quadrupled to more than \$60 billion over the past 15 years, while its staffing levels have remained relatively flat. The SIC's budget request for FY26 included full funding for all 37 authorized FTE, but the agency reports it should: "double the number of investment staff and increase the number of legal and accounting staff to facilitate increased workloads, mitigate risk and maintain proper ongoing due diligence of investments."

TECHNICAL ISSUES

HB520 lacks a definition for "lower income." As noted by the SIC:

The bill does not define "lower income residents," who are to be the recipients of the proposed expenditures to be made, "as provided by law." It is not clear what provisions of law are being referred to by the bill that would facilitate such fund disbursements.