

LFC Requester:	Rodriguez
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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: Feb 17 2025 *Check all that apply:*
Bill Number: HB 261 Original Correction
 Amendment Substitute

Sponsor: Rep. Dow **Agency Name and Code** 337 State Investment Council
Spaceport District Fund **Number:** _____
Investment **Person Writing** Amy Chavez-Romero
Short Title: _____ **Email** Amy.chavez-
Phone: 5054769505 : romero@sic.nm.gov

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		
See Fiscal Implications				

(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						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

This bill is identical to SB 174

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 261 would allow a regional spaceport district to deposit its funds with the State Treasurer for investment in a local government investment pool (LGIP).

As Amended, HB261a/HCEDC adds language allowing that the state treasurer may invest regional spaceport district fund in a local government investment pool.

The amended bill also removes the State Investment Council as an investing vehicle for the regional spaceport district.

The amended bill adds an emergency clause that will allow the bill to go into effect rapidly should it be signed into law.

FISCAL IMPLICATIONS

As Amended, HB261a/HCEDC does not result in fiscal impact on the SIC. The bill would serve to meet the immediate need of the regional spaceport district, which is believed to be a highly-liquid short-horizon investment option, which is best suited for STO, rather than SIC.

It should be noted that the change will also eliminate the regional spaceport district's ability to invest in SIC's long-term investment pools, which include public equities (stocks) and private-market strategies in addition to fixed income options.

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Original bill:

The ability of a regional spaceport district to invest in the Local Government Investment Pool (LGIP) would have no fiscal impact on the SIC, since it does not currently charge an administrative fee to governmental clients that invest in its pooled investment fund. The State Treasurer's Office might impose a nominal fee on a regional spaceport district for its investment within the LGIP, which would be deducted from the investing entity.

Currently under its enabling law, the spaceport district may only invest with the State Investment Council. However, the spaceport district has indicated to the SIC that it may require more liquidity and short-term investment strategies, which would better be suited for management at the State Treasurer's Office and the LGIP. SIC's investment offerings are better suited for long-term investment.

SIGNIFICANT ISSUES

HB 261 would allow a regional spaceport district to invest its funds in a state local government investment pool, but it would be appropriate to amend Section 6-10-10.1 NMSA 1978 to solidify the State Treasurer's ability to include a regional spaceport district within the scope of a "participating entity" eligible to invest in the LGIP. A regional spaceport district could be included within the scope of a "participating entity" in a manner similar to the inclusion of tribes and statutory quasi-governmental bodies within Subsection K of Section 6-10-10.1 NMSA 1978.

In some instances, governing entities comprising a regional spaceport district might, with the approval of a regional spaceport district board, wish to invest within the LGIP those funds that are attributed to the district. To this end, Section 5-16-8 NMSA 1978 would require further clarification to explicitly allow those governmental units to invest those funds in the LGIP. This clarification would likewise require an amendment to Section 6-10-10.1 NMSA 1978, in order to allow the composite governmental units to be admitted on behalf of a regional district board as "participating entities" eligible to invest in the LGIP.

PERFORMANCE IMPLICATIONS

HB 261 would provide a regional spaceport district with the ability to invest in the LGIP's short-term and liquid investment options.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

The structure of the second sentence of Section 5-16-8 NMSA 1978 might inadvertently suggest that, in addition to the State Treasurer, the SIC would "invest the funds in a local government investment pool." This issue could be alleviated by clarifying the SIC's separate investment function from that of the State Treasurer. For example, the sentence could be amended to read as follows: "[t]he board shall employ the state investment council to invest the funds of the district pursuant to Subsection I of Section 6-8-7 NMSA 1978 or the state treasurer to invest the funds [and] of the district or the funds directly attributed to the district in the local government investment pool and may pay or cause to be paid reasonable compensation for investment management services from the assets of the applicable funds." (Note this suggestion includes an option for both the district and the district's composite governmental units to invest in the LGIP. See "Significant Issues," above.)

OTHER SUBSTANTIVE ISSUES

HB261 would have an effective date of July 1, 2025. To the extent a regional spaceport district would wish to exercise an option to invest in the LGIP within a shorter timeframe, incorporation of an emergency clause could be considered.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

A regional spaceport district would only have express authority to invest its funds with the SIC, which can only invest such funds in its own pooled investment fund pursuant to Subsection I of Section 6-8-7 NMSA 1978. That fund is targeted toward longer-term investments, as it is aligned with the longer-horizon investment objectives of the state's permanent funds, relative to the shorter-term horizon of investments made by the Treasurer. In addition, to the extent that a non-class A county would comprise part of a regional spaceport district and would seek to invest money attributed to the district, the SIC would be prohibited from making such an investment pursuant to Subsection G of Section 6-10-10 NMSA 1978. That statute prohibits non-class A counties from investing in the SIC's pooled client investment funds.

AMENDMENTS