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**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:

Original Amendment
Correction Substitute

Date 2025-02-06
Bill No: HB289

Sponsor: Roybal Caballero, Patricia
Short GEOTHERMAL
Title: PROJECTS

Agency Name
and Code NMHED
Number: _____
Person Writing Leakakos, Joseph
Phone: 5054128059 Email joseph.leakakos@hed.

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$20,000	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () Indicate Expenditure 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:

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 289 (HB289) amends 71-9-12 NMSA 2024 to allow money in the Geothermal Projects Development Fund to be used by entities that participate in a competitive bidding process conducted in accordance with the Procurement Code. Currently, grants can only go to a political subdivision of the state; a state university; or an Indian nation, tribe, or pueblo. The New Mexico Energy, Minerals, and Natural Resources Department (NMEMNRD) oversees the Geothermal Projects Development Fund.

HB289 makes an appropriation of twenty million dollars (\$20,000,000) from the General Fund to the Geothermal Projects Development Fund for expenditure in FY26 and subsequent fiscal years. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the General Fund.

The New Mexico Higher Education Department (NMHED) oversees public higher education institutions (HEIs) in New Mexico, one of the entities eligible to receive grant funding from the Geothermal Projects Development Fund.

NMHED's analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

HB289 makes an appropriation of twenty million dollars (\$20,000,000) from the General Fund to the Geothermal Projects Development Fund for expenditure in FY26 and subsequent fiscal years. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the General Fund.

71-9-12 NMSA 2024 was introduced as 2024 House Bill 91. That original bill had an appropriation, but the bill was amended to remove the appropriation. 2024 House Bill 2 included an appropriation of two million five hundred thousand dollars (\$2,500,000) for the Geothermal Projects Development Fund.

SIGNIFICANT ISSUES

71-9-12 NMSA 2024 allows NMEMNRD to use money from the Geothermal Projects Development Fund to issue grants to a political subdivision of the state; a state university; or an Indian nation, tribe, or pueblo for a geothermal development project. These grants can go towards studying the costs and benefits of a proposed geothermal development project or towards financing a geothermal development project. Both of these uses must be approved by the Secretary of NMEMNRD.

HB289 amends 71-9-12 NMSA 2024 to allow entities that participate in a competitive bidding process conducted in accordance with the Procurement Code to receive these grants as well, opening up grant funding to private entities.

HB289 may result in competition for grants that New Mexico HEIs are looking to secure, potentially reducing the funding available for HEI geothermal development projects.

71-9-12 NMSA 2024 was introduced in 2024 House Bill 91. That original bill had an appropriation, but it was amended to remove the appropriation before it was passed by the Legislature and signed by the Governor. 2024 House Bill 2 included an appropriation of two million five hundred thousand dollars (\$2,500,000) for the Geothermal Projects Development Fund. The appropriation in HB289 is noticeably larger than the previous appropriation, so that may open up more opportunities for HEIs to take advantage of these grants.

HEIs may also submit to NMHED research and public service project (RPSP) proposals for geothermal development projects. The funding and grants available in 71-9-12 NMSA 2024 and HB289 could either take the place of or support an RPSP, possibly freeing up RPSP funding to go towards other projects.

PERFORMANCE IMPLICATIONS

The Secretary of NMEMNRD must provide a report to the Governor, the Legislative Finance Committee, and the Library of the Legislative Council Service regarding grants that are issued, grant-funded project statuses, funding used for administrative and reimbursable costs, and other items.

ADMINISTRATIVE IMPLICATIONS

HB289 may require that HEIs follow a new process to receive state funding for geothermal development projects, possibly requiring extra administrative support to navigate the new process.

NMHED may need to work with HEIs or with NMEMNRD to determine if any RPSP proposals should instead request funding through the Geothermal Projects Development Fund.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

71-9-12 NMSA 2024 was introduced in 2024 House Bill 91 and creates the Geothermal Projects Development Fund, among other items.

2024 Senate Bill 59, 2023 Senate Bill 8, and 2023 House Bill 365 looked to create a fund related to geothermal projects, among other additions or changes, but none were signed into law.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

HEIs could request funding for geothermal development projects through RPSP proposals.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Entities that participate in a competitive bidding process conducted in accordance with the Procurement Code will not be eligible to receive funding from the Geothermal Development Projects Fund, and the Geothermal Development Projects Fund will not receive an appropriation.

AMENDMENTS

N/A