

LFC Requester:

**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:** 2/23/2025 *Check all that apply:*  
**Bill Number:** House Bill 493 Original  Correction   
 Amendment  Substitute

**Sponsor:** Representative Cynthia Borrego **Agency Name** Economic Development  
**Short Title:** Public Finance Accountability Act **and Code** Department  
**Number:** 41900 **Person Writing** Karina Armijo  
**Phone:** 505-690-7897 **Email** karina.armijo@edd.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		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(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: House Bill 493 (HB493) creates a non-reverting Public Finance Accountability Fund managed by the state auditor to support grantees in meeting audit requirements and safeguarding capital funds. It establishes strict funding criteria for grant eligibility—including publicly available annual audits and corrective measures for deficiencies—and sets forth comprehensive grant management and oversight requirements for state agencies, such as using standardized grant agreement templates, ensuring proper asset disposition, and conducting field audits. The bill also tasks the Department of Finance and Administration with developing the necessary procedures, policies, and enforcement measures to ensure compliance with all provisions taking effect on July 1, 2025.

#### **FISCAL IMPLICATIONS**

It establishes a non-reverting fund that requires an appropriation to support the state auditor's office in helping grantees meet audit requirements. This allocation of funds not only commits state resources to enhanced fiscal oversight but also may impact the timing and conditions under which state agencies can issue grants, potentially increasing administrative costs and altering the management of state funds.

#### **SIGNIFICANT ISSUES**

State departments like EDD are likely to encounter challenges under this new act. They must adapt to stricter funding criteria by ensuring that grantees provide public audits, address any financial deficiencies before grants are approved, and use standardized grant agreement templates. These agencies will have to implement new procedures to verify compliance with financial reporting and asset disposition rules. Such changes could increase administrative burdens, lead to delays in grant approvals, and require additional resources for staff training and process adjustments—ultimately disrupting current grant programs and increasing short-term operational costs.

#### **PERFORMANCE IMPLICATIONS**

The implementation of HB493 is anticipated to increase administrative responsibilities for state departments that currently administer and award grants. Agencies may experience delays in the approval and disbursement of grants as they work to ensure compliance with the new public audit and financial requirements. Moreover, the development and enforcement of standardized grant agreements and enhanced oversight protocols will likely require additional staff training and resources, potentially leading to increased operational costs in the short term. While the act aims to bolster fiscal accountability and transparency, these performance challenges could impose temporary burdens on state agencies as they adjust to the updated framework.

#### **ADMINISTRATIVE IMPLICATIONS**

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

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

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

**AMENDMENTS**