

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: 27 January 2025 *Check all that apply:*
Bill Number: SB48 Original Correction
 Amendment Substitute

Sponsor: Senator Mimi Stewart **Agency Name** Economic Development
Short Title: Community Benefit Fund **and Code** Department
Title: **Number:** 41900
Person Writing Kayla Lucero-Matteucci
Phone: 505-487-6642 **Email** kayla.lucero-matteucci@edd.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$340,000.00	0	0	Nonrecurring	General Fund

(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)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$100.00	\$100.00	\$100.00	\$300.00	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act: HB2 references \$350 million for the Community Benefit Fund. The general fund transfer is in fiscal year 2026

contingent on the legislation of the first session of the fifty-seventh legislature creating the fund.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 48 (SB48) creates the Community Benefit Fund as a nonreverting fund in the state treasury, totaling \$340 million. The fund is administered by the Department of Finance and Administration and distributed to state agencies, subject to appropriation by the legislature. Acceptable uses for the fund include reducing greenhouse gas emissions, improving electrical grid effectiveness, increasing renewable energy generation, reducing the use of combustion engine vehicles, assessing or reducing the effects of climate change, expanding access to electric vehicles, promoting sustainable economic development, or introducing worker training programs for a more sustainable and diversified New Mexico economy. SB48 sets requirements for receiving funds from the Community Benefit Fund, including documentation of holding two meetings in the community affected by a proposed project or negotiation of a community benefits agreement with overburdened communities impacted by the proposed project. In consultation with the Energy, Minerals, and Natural Resources Department, the Department of Finance and Administration employs a spatial mapping tool to identify overburdened communities. Each year on or before December 1, agencies submit reports to relevant interim legislative committees to summarize progress and results from projects funded by the Community Benefit Fund.

FISCAL IMPLICATIONS

As noted in a separate Agency Analysis for SB49, an associated bill making appropriations and transfers for the Community Benefit Fund, the Economic Development Department (EDD) requires additional staff to meet the tasking of SB48. The estimated annual cost to the agency is \$100 thousand including employee salary and benefits to administer programs related to the Community Benefit Fund.

SIGNIFICANT ISSUES

SB48 closely relates to additional legislation from the 2025 regular session, especially SB49, which makes appropriations and transfers from the fund contingent upon enactment of the fund. Both bills also relate to SB83, which creates the Innovation in State Government Fund to facilitate strategic planning for climate action and sustainable economic development.

SB83's emphasis on strategic planning supports agencies in making informed investments through the Community Benefit Fund, including to diversify the New Mexico economy away from dependence on extractive industries.

EDD is already leading interagency efforts to conduct strategic planning by way of Laws 2021 Chapter 42, SB112, which was enacted as an unfunded mandate initially. Later in 2023, EDD received temporary funding via a special appropriation, enabling the department to hire one FTE to oversee the department's strategic planning efforts. Currently, EDD's sole FTE devoted to strategic planning is responsible for all policy research and analysis, stakeholder and community engagement, authorship, and implementation of EDD's statewide strategic plan, known as *Empower and Collaborate*. The funding for this single FTE is set to expire in FY27.

However, since the FTE's arrival in October of 2023, the department has continued to experience significant strain due to a lack of dedicated resources and staff capacity given the substantial responsibilities of the single FTE. Consequently, this package of legislation (including SB83, SB48, and SB49) will add capacity and resources to existing efforts within EDD; as a result, the department will be able to maximize the potential of its existing strategic planning initiatives and will be able to make investments through the Community Benefit Fund.

Further investments in strategic planning, augmented by SB83, will ensure prudent investments in diversified industries. Since the release of EDD's *Empower and Collaborate* state plan in 2021, and throughout subsequent updates to that document, EDD continues to refine its understanding of New Mexico's competitive advantage in target sectors and sub-industries. Thus, resources from the Community Benefit Fund will be invested strategically toward priorities that yield optimal revenue and job creation; the Community Benefit Fund allows EDD to act on its strategic planning through programs that support growth in New Mexico's target sectors.

PERFORMANCE IMPLICATIONS

EDD's single FTE devoted to strategic planning lacks bandwidth to undertake any additional work beyond their current responsibilities; distribution of targeted investments from the Community Benefit Fund will require additional staff to administer programs. Otherwise, the agency's already-strained strategic planning initiatives will lack sufficient staff capacity.

ADMINISTRATIVE IMPLICATIONS

One FTE within EDD conducts strategic planning toward greater economic diversification, resilience, and sustainability. The tasking of SB48, associated with the transfers proposed by SB49, requires an additional FTE to support the expanded scope of EDD's existing efforts to include programmatic activities involved in distributing funds from the Community Benefit Fund, as required by SB48.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

As stated in Significant Issues, this legislation relates to other bills proposed in the 2025 Regular Session, including SB49 and SB83. It also relates to previous legislation, including Laws 2021 Chapter 42, SB112.

Notably, by way of EDD's Sustainable Economy Task Force and through other avenues, the department continues to engage in interagency collaboration, including with all the agencies and entities mentioned as recipients of resources in SB49 and SB83. EDD's existing strategic planning efforts and data analysis are available to support investments in sustainable economic development, clean energy, and climate action by other agencies through the Community Benefit Fund.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted as part of the broader package of legislation indicated above, the department will lack dedicated resources for strategic planning and resources to make prudent investments toward diversifying New Mexico's economy.

AMENDMENTS

EDD suggests expanding language allowing for program administration and staffing.