

LFC Requester:

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**  
**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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:** 2/12/2025 *Check all that apply:*  
**Bill Number:** S227-341 Original  Correction   
 Amendment  Substitute

**Sponsor:** Sen. Muñoz **Agency Name and Code** DFA-341  
**Short Title:** FUNDS IN STATE RESERVE **Number:** \_\_\_\_\_  
**Person Writing** Delgado L.  
**Phone:** \_\_\_\_\_ **Email** leonardo.delgado@dfa

**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:

SB227 adds a new section to Chapter 6, Article 4 of the NMSA 1978, specifying that state reserve accounts include the Appropriation Contingency Fund (ACF), General Fund Operating Reserve (OR), Government Results and Opportunity Expendable Trust (GRO), State-Support Reserve Fund (SSRF), and Tax Stabilization Reserve (TSR).

#### **FISCAL IMPLICATIONS**

SB27 defines the components of state reserves, with the establishment of the GRO fund as a reserve account beyond FY25 helping to maintain strong reserve levels. HB196 (2024) created the GRO trust and designated it as a reserve account for one year (FY25). As of the December 2024 consensus estimate, the GRO is expected to comprise 23% of total reserves in FY25.

Strong reserves are essential to the state's credit standing, particularly given its weaker demographic metrics—such as income levels, population growth, and poverty rates—compared to peer states, as assessed by bond rating agencies. Additionally, the state's reliance on historically volatile oil and gas revenues underscores the importance of maintaining robust reserves. In recent years, the state has aimed for a 30% reserve level. Reducing reserves significantly below this target, especially when revenues are at historic highs, could be viewed negatively by rating analysts.

#### **SIGNIFICANT ISSUES**

#### **PERFORMANCE IMPLICATIONS**

#### **ADMINISTRATIVE IMPLICATIONS**

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

#### **TECHNICAL ISSUES**

#### **OTHER SUBSTANTIVE ISSUES**

#### **ALTERNATIVES**

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

The Government Results and Opportunity Expendable Trust (GRO) will not be identified as one of the state's reserve funds after FY25.

## **AMENDMENTS**