

LFC Requester:	Sanchez
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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(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: Mar 5 2025 *Check all that apply:*
Bill Number: SB358csSCC Original Correction
 Amendment Substitute

Sponsor: Sen. Hamblen **Agency Name and Code** 337-State Investment Council
Short Title: Equine Shelter Rescue **Number:** _____
Person Writing Wollmann /Iglesias
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0	\$0		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(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	This bill will require additional time from investment, accounting, and administrative staff (see administrative implications)				Recurring	LGPF/STPF

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis of Senate Conservation Committee (SCONC) Substitute:

The SCONC substitute for Senate Bill 358 seeks to amend statutory provisions regarding the Equine Shelter Rescue Fund (Rescue Fund) while creating an Equine Welfare Trust Fund (Trust Fund) to financially support the Rescue Fund. The new Trust Fund is to be managed by the state investment officer in accordance with law, while the revised Rescue Fund is to be overseen by the New Mexico State University Board of Regents and the proposed and varied work of aiding equine rescues performed by the NM Department of Agriculture.

The bill establishes the scope of work for the Rescue Fund, outlining duties, requirements and limitations, as well as reporting obligations.

The committee substitute does not contain an appropriation to the Trust Fund but would create framework for Trust Fund distributions once funded.

The State Investment Officer, with the approval of the State Investment Council, will invest the Trust Fund pursuant to law (all SIC funds are managed to the standards required under the Uniform Prudent Investor Act).

Distributions from the Trust Fund will be 4% annually, and are to begin in FY27, based the Trust's three-year average value, as determined by the calendar year valuation starting 12/31/25.

The bill has no effective date, making the assumed effective date 90 days following the close of the legislative session, June 20, 2025.

FISCAL IMPLICATIONS

As the bill currently has no appropriation attached to the measure, there may not be any dollars for the trust to invest or distribute to the rescue fund in FY27 or subsequent years.

The substitute bill fixed technical issues in the original bill around distribution timing, which has also been standardized in a preferred Trust/Program fund structure.

Expected compound returns for funds the Council manages range from 5.2 percent (Tax Stabilization Reserve) to 7 percent (the long-term return target for the Land Grant Permanent Fund). The proposed Trust Fund makes consistent annual distributions based on a rolling average market value and has no provisions to shore up general fund budgets in the event of a fiscal deficit. Therefore, if funded, it is reasonable to assume the Trust Fund could expect long-term annual returns on par with other trust funds under SIC management. Actual return expectations would ultimately depend on the fund's asset allocation, which will be established by the Investment Officer & Council subsequent to funding.

The Trust Fund is structured in such a way that both it and the size of the distributions to the Rescue Fund have potential to grow over time.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

The State Investment Officer, with the approval of the State Investment Council would manage the Fund in accordance with the Uniform Prudent Investor Act and would seek to ethically optimize risk-adjusted returns and grow the fund over time.

The Council does not currently have a “boilerplate” asset allocation for any fund, including the proposed Fund, but it is a fair assumption that the new fund could/would be constructed in a manner similar to other permanent/trust funds managed by the SIC.

ADMINISTRATIVE IMPLICATIONS

If funded, the addition of a new trust fund for SIC to manage would require additional time from investment, accounting, and administrative staff at the SIC. The SIC’s budget is funded out of the land grant and severance tax permanent funds and does not receive general fund support.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill is one of several bills introduced so far this session that seek to create new funds to be placed under SIC management:

- House Bill 7 creates a new Children’s Future Fund to be managed by the SIC and created with \$5M initial appropriation from General Fund.
- House Bill 11 creates a new Paid Family Medical Leave Fund to be managed by the SIC (however, SIC noted in its fiscal impact report that this is an expenditure fund that would be best managed by STO).
- House Bill 25 creates a new Land Grant-Merced Infrastructure Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$20 million general fund appropriation.
- House Bill 113 creates a new Animal Welfare Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$10 million general fund appropriation.
- House Bill 330 creates a new Land Grant-Merced & Acequia Infrastructure Trust fund to be managed by SIC. Gets funding from STB capacity.
- House Bill 475 creates a new Transportation Trust Fund to be managed by SIC funded with a \$400 million general fund appropriation.
- House Bill 520 creates a Sustain the Families Trust Fund to be managed by SIC in consult with HCA; to be expended by the legislature; no source funding provided
- House Bill 531 creates a new Osteopath Medicine Escrow Fund to be managed by SIC and funded with a \$40 million transfer from the Tobacco Settlement Permanent Fund

- Senate Bill 1 creates a new Behavioral Health Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$1 billion general fund appropriation.
- Senate Bill 88 creates a new Medicaid Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$300 million general fund appropriation.

- Senate Bill 234 creates a new Tribal Education Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$100 million general fund appropriation.
- Senate Bill 358 creates an Equine Welfare Trust Fund to be managed by SIC and funded with a \$40 million general fund appropriation.
- Senate Bill 374 creates a Land Grant-Merced & Acequia Infrastructure Fund to be managed by SIC; gets funding from STB capacity.
- Senate Bill 380 creates the Physician Graduate Medical Education Trust Fund to be managed by SIC with \$100 million general fund appropriation.
- Senate Bill 397 creates the Next Generation Trust Fund (Baby Bonds) to be funded with \$500,100 general fund appropriation and managed by the SIC in consultation with the Treasurer.

Senate Bill 202 creates standardized language requiring investment of funds to be in accordance with the Uniform Prudent Investor Act and creates more consistent trust fund distribution mechanisms that are based on a percentage of a rolling average calendar-year-end market value.

TECHNICAL ISSUES

ALTERNATIVES

AMENDMENTS