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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 2/3/2025

SPONSOR Brantley

BILL

SHORT TITLE Spaceport District Fund Investment **NUMBER** Senate Bill 174

ANALYST Dinces

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal		Recurring	General Fund
Total	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal		Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 New Mexico Attorney General (NMAG)
 State Investment Council (SIC)
 New Mexico State Treasurer’s Office (NMSTO)
 New Mexico Spaceport Authority (NMSA)

SUMMARY

Synopsis of Senate Bill 174

Senate Bill 174 (SB174) adds the state treasurer as an agency that can invest funds from the regional spaceport district rather than having the regional space port district only invest with SIC. It also specifies that these funds should be invested in a local government investment pool.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

As both the state treasurer (NMSTO) and the State Investment Council (SIC) already invest state funds, there is likely minimal impact to operating budgets of either agency.

SIGNIFICANT ISSUES

Providing a choice for the regional spaceport board in how they invest their funds can help the board choose what is best for their funds. Both the New Mexico Spaceport Authority (NMSA) and NMSTO highlight that NMSA may need to utilize shorter-term investment strategies such as what is available from NMSTO.

The New Mexico Attorney General adds:

The New Mexico Regional Spaceport District (NMRSD) is authorized to levy a tax of up to 0.5 percent on businesses in Doña Ana County and Sierra County. The NMRSD board and counties authorized a tax of 0.25 percent on businesses. Most of this revenue is currently pledged as collateral and payment for bonds that were issued to construct the New Mexico Spaceport. However, in the future those bonds will be paid off. This bill expands the types of investments the board is allowed to make under Section 5-16-8. Currently investments the board holds must be invested with regards to the Prudent Investor Act 45-7-601 to – 612 and the board is only authorized to employ SIC to make these investments. SB174 allows the board to employ the state treasurer instead of or in conjunction with the state investment council to manage these investments and it allows for the investments to be put in local government investment pools.

NMSTO adds:

The funds within the spaceport districts should not be invested with SIC as they currently only have approximately \$21 million in which they have made a resolution to give \$13.9 million to the spaceport authority which has an account with the treasury. SIC is designed to invest funds for trusts and large sums of dollars that do not need liquidity or short-term investing. Short-term investment should take place with NMSTO.

TECHNICAL ISSUES

According to SIC:

The structure of the second sentence of Section 5-16-8 NMSA 1978 might inadvertently suggest that, in addition to NMSTO, SIC would “invest the funds in a local government investment pool.” This issue could be alleviated by clarifying SIC’s separate investment function from that of NMSTO. For example, the sentence could be amended to read as follows: “[t]he board shall employ the state investment council to invest the funds of the district pursuant to Subsection I of Section 6-8-7 NMSA 1978 or the state treasurer to invest the funds [~~and~~] of the district or the funds directly attributed to the district in the local government investment pool and may pay or cause to be paid reasonable compensation for investment management services from the assets of the applicable funds.” (Note this suggestion includes an option for both the district and the district’s composite governmental units to invest in the local government investment pool. See “Significant Issues,” above.)

According to NMSTO, this bill as written seems to assume that SIC can invest in the Local Government Investment Pool, which is under NMSTO.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

SIC states:

A regional spaceport district would only have express authority to invest its funds with SIC, which can only invest such funds in its own pooled investment fund pursuant to Subsection I of Section 6-8-7 NMSA 1978. That fund is targeted toward longer-term investments, as it is aligned with the longer-horizon investment objectives of the state's permanent funds, relative to the shorter-term horizon of investments made by the Treasurer.

In addition, to the extent that a non-class A county would comprise part of a regional spaceport district and would seek to invest money attributed to the district, the SIC would be prohibited from making such an investment pursuant to Subsection G of Section 6-10-10 NMSA 1978. That statute prohibits non-class A counties from investing in SIC's pooled client investment funds.

NMSA states:

Currently legislation requires the Regional Tax District to invest with SIC, which is not flexible enough to permit disbursements to NMSA. Although the Board has only approved one disbursement so far, more disbursements are expected in the future. This would adversely affect NMSA's ability to administer construction projects in a timely manner and would cause unnecessary and costly delays and affect other funding provided by bonds issued from the New Mexico Board of Finance. Project shortfalls and delays in the use of bond funds before bond maturities occur.

SD/hj/SR