

HOUSE BILL 247

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

Derrick J. Lente

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO CAPITAL EXPENDITURES; PROVIDING LIMITATIONS AND REQUIREMENTS FOR CERTAIN CAPITAL OUTLAY PROJECTS, REAUTHORIZATIONS AND APPROPRIATIONS; AMENDING SECTIONS OF LAWS 2022 THROUGH 2025 TO REQUIRE CERTAIN UNEXPENDED GENERAL FUND CAPITAL OUTLAY APPROPRIATIONS TO REVERT TO THE CAPITAL DEVELOPMENT AND RESERVE FUND OR THE TRIBAL INFRASTRUCTURE PROJECT FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] CAPITAL OUTLAY PROJECTS--
REAUTHORIZATIONS AND APPROPRIATIONS--LIMITATIONS.--

A. A capital outlay project shall not be reauthorized or reappropriated;

(1) more than once;

(2) for a time period greater than two years;

underscored material = new
[bracketed material] = delete

1 and

2 (3) unless at least ten percent of the initial
3 appropriation has been encumbered by January 1 of that year, as
4 determined by the department of finance and administration.

5 B. A capital outlay project may be reauthorized or
6 reappropriated to make a technical change, but a
7 reauthorization or reappropriation shall not alter the original
8 purpose of the capital outlay project. A capital outlay
9 project that is reauthorized or reappropriated to make a
10 technical change is not subject to the encumbrance requirement
11 provided in Paragraph (3) of Subsection A of this section.

12 C. Capital outlay authorizations and appropriations
13 of one hundred thousand dollars (\$100,000) or more shall not be
14 made for a project unless the project is included on an
15 infrastructure capital improvement plan.

16 D. Capital outlay appropriations made from the
17 general fund shall revert to the capital development and
18 reserve fund, except for tribal projects that shall revert to
19 the tribal infrastructure project fund.

20 E. As used in this section:

21 (1) "encumbrance" includes only direct project
22 costs and excludes administrative fees charged by a fiscal
23 agent;

24 (2) "purpose" includes the functionality, use
25 or primary objective of a project or the type of project or

underscored material = new
[bracketed material] = delete

1 asset; and

2 (3) "technical change" means a minor
3 correction or an adjustment that does not alter the original
4 purpose of the capital outlay project and includes correcting a
5 drafting error, changing the administering agency, changing the
6 fiscal agent or expanding the eligible uses of an appropriation
7 within the same project.

8 **SECTION 2. [NEW MATERIAL] CAPITAL OUTLAY--WATER**
9 **PROJECTS--LIMITATIONS.--**

10 A. A political subdivision of the state shall not
11 request a drinking water, wastewater, storm water or dam
12 capital project through the legislature's capital outlay
13 process. Political subdivisions shall submit requests for
14 funding for those projects to state agencies and
15 instrumentalities that administer grant and loan programs for
16 drinking water, wastewater, storm water or dam capital
17 projects. The state agencies and instrumentalities may request
18 supplemental capital outlay funding for their programs as
19 needed through an infrastructure capital improvement plan.

20 B. As used in this section, "state agency" means
21 the state or any of its branches, agencies, departments,
22 boards, institutions or instrumentalities.

23 **SECTION 3.** Laws 2022, Chapter 53, Section 2 is amended to
24 read:

25 "SECTION 2. GENERAL FUND APPROPRIATIONS--LIMITATIONS--

.232379.4

underscored material = new
[bracketed material] = delete

1 REVERSIONS.--

2 A. Except as provided in Subsection D of this
3 section and as otherwise specifically provided by law, the
4 unexpended balance of an appropriation made in this act from
5 the general fund shall revert to the general fund:

6 (1) no later than September 30 following:

7 (a) the end of fiscal year 2023 if the
8 project for which an appropriation was made has less than five
9 percent of the project's total appropriation amount subject to
10 a binding written agreement with a third party on that date;

11 (b) the end of fiscal year 2024 for a
12 project for which an appropriation was made to purchase
13 vehicles, including emergency vehicles and other vehicles that
14 require special equipment; heavy equipment; books; educational
15 technology; or other equipment or furniture that is not related
16 to a more inclusive construction or renovation project; or

17 (c) the end of fiscal year 2026 for a
18 project for which an appropriation was made related to an
19 inclusive construction or renovation project; or

20 (2) within six months of completion of the
21 project for any other project for which an appropriation was
22 made, but no later than the end of fiscal year 2026.

23 B. Money that is appropriated from the general fund
24 pursuant to this act shall not be subject to a binding written
25 agreement with a third party prior to the authorized state

1 agency's approval to enter into that agreement.

2 C. For the purposes of this section, "unexpended
3 balance" means the remainder of an appropriation after
4 reserving for unpaid costs and expenses subject to a binding
5 written agreement with a third party.

6 D. The unexpended balance of an appropriation made
7 in this act from the general fund that has not reverted on or
8 before the effective date of this 2026 act shall revert in the
9 time frame set forth in Subsection A of this section to the
10 capital development and reserve fund, except for tribal
11 projects that shall revert to the tribal infrastructure project
12 fund."

13 SECTION 4. Laws 2023, Chapter 199, Section 1 is amended
14 to read:

15 "SECTION 1. GENERAL FUND APPROPRIATIONS--LIMITATIONS--
16 REVERSIONS.--

17 A. Except as provided in Subsection E of this
18 section and as otherwise specifically provided by law, the
19 unexpended balance of an appropriation made in this act from
20 the general fund shall revert to the general fund:

21 (1) no later than September 30 following:
22 (a) the end of fiscal year 2024 if the
23 project for which an appropriation was made has less than five
24 percent of the project's total appropriation amount subject to
25 a binding written agreement with a third party on that date;

.232379.4

(b) the end of fiscal year 2025 for a project for which an appropriation was made to purchase vehicles, including emergency vehicles and other vehicles that require special equipment; heavy equipment; books; educational technology; or other equipment or furniture that is not related to a more inclusive construction or renovation project; or

(c) the end of fiscal year 2027 for a project for which an appropriation was made related to an inclusive construction or renovation project; or

(2) within six months of completion of the project for any other project for which an appropriation was made, but no later than the end of fiscal year 2027.

B. Except for appropriations to the capital program fund, money from appropriations made in this act shall not be used to pay indirect project costs.

C. Money that is appropriated from the general fund pursuant to this act shall not be subject to a binding written agreement with a third party prior to the authorized state agency's approval to enter into that agreement.

D. For the purposes of this section, "unexpended balance" means the remainder of an appropriation after reserving for unpaid costs and expenses subject to a binding written agreement with a third party.

E. The unexpended balance of an appropriation made
in this act from the general fund that has not reverted on or

1 before the effective date of this 2026 act shall revert in the
2 time frame set forth in Subsection A of this section to the
3 capital development and reserve fund, except for tribal
4 projects that shall revert to the tribal infrastructure project
5 fund."

6 SECTION 5. Laws 2024, Chapter 66, Section 1 is amended to
7 read:

8 "SECTION 1. GENERAL FUND APPROPRIATIONS--LIMITATIONS--
9 REVERSIONS.--

10 A. Except as provided in Subsection E of this
11 section and as otherwise specifically provided by law, the
12 unexpended balance of an appropriation made in this act from
13 the general fund shall revert to the general fund:

14 (1) no later than September 30 following:

15 (a) the end of fiscal year 2026 for a
16 project for which an appropriation was made to purchase
17 vehicles, including emergency vehicles and other vehicles that
18 require special equipment; heavy equipment; books; educational
19 technology; or other equipment or furniture that is not related
20 to a more inclusive construction or renovation project; or

21 (b) the end of fiscal year 2028 for a
22 project for which an appropriation was made related to an
23 inclusive construction or renovation project; or

24 (2) within six months of completion of the
25 project for any other project for which an appropriation was

.232379.4

underscored material = new
[bracketed material] = delete

1 made, but no later than the end of fiscal year 2028.

2 B. The agencies named in this act shall certify to
3 the department of finance and administration that the money
4 appropriated in this act is needed for the purposes specified
5 in the applicable section of this act. If an agency has not
6 certified the need for the appropriation for a particular
7 project by the end of fiscal year 2026, the authorization for
8 that project is void.

9 C. Money that is appropriated from the general fund
10 pursuant to this act shall not be subject to a binding written
11 agreement with a third party prior to the authorized state
12 agency's approval to enter into that agreement.

13 D. For the purposes of this section, "unexpended
14 balance" means the remainder of an appropriation after
15 reserving for unpaid costs and expenses subject to a binding
16 written agreement with a third party.

17 E. The unexpended balance of an appropriation made
18 in this act from the general fund that has not reverted on or
19 before the effective date of this 2026 act shall revert in the
20 time frame set forth in Subsection A of this section to the
21 capital development and reserve fund, except for tribal
22 projects that shall revert to the tribal infrastructure project
23 fund."

24 SECTION 6. Laws 2025, Chapter 159, Section 2 is amended
25 to read:

.232379.4

1 "SECTION 2. GENERAL FUND APPROPRIATIONS--LIMITATIONS--
2 REVERSIONS.--

3 A. Except as provided in Subsection E of this
4 section and as otherwise specifically provided by law, general
5 fund appropriations made pursuant to this act may be expended
6 in fiscal years 2026 through 2029; provided that the unexpended
7 balance of an appropriation made in this act from the general
8 fund shall revert to the general fund:

9 (1) no later than September 30 following:
10 (a) the end of fiscal year 2027 for a
11 project for which an appropriation was made to purchase
12 vehicles, including emergency vehicles and other vehicles that
13 require special equipment; heavy equipment; books; educational
14 technology; or other equipment or furniture that is not related
15 to a more inclusive construction or renovation project; or

16 (b) the end of fiscal year 2029 for a
17 project for which an appropriation was made related to an
18 inclusive construction or renovation project; or

19 (2) within six months of completion of the
20 project for any other project for which an appropriation was
21 made, but no later than the end of fiscal year 2029.

22 B. The agencies named in this act shall certify to
23 the department of finance and administration that the money
24 appropriated in this act is needed for the purposes specified
25 in the applicable section of this act. If an agency has not

1 certified the need for the appropriation for a particular
2 project by the end of fiscal year 2027, the authorization for
3 that project is void.

4 C. Money that is appropriated from the general fund
5 pursuant to this act shall not be subject to a binding written
6 agreement with a third party prior to the authorized state
7 agency's approval to enter into that agreement.

8 D. For the purposes of this section, "unexpended
9 balance" means the remainder of an appropriation after
10 reserving for unpaid costs and expenses subject to a binding
11 written agreement with a third party.

12 E. The unexpended balance of an appropriation made
13 in this act from the general fund that has not reverted on or
14 before the effective date of this 2026 act shall revert in the
15 time frame set forth in Subsection A of this section to the
16 capital development and reserve fund, except for tribal
17 projects that shall revert to the tribal infrastructure project
18 fund."

19 SECTION 7. APPLICABILITY.--The provisions of Sections 1
20 and 2 of this act apply to capital outlay appropriations made
21 on or after January 1, 2027.