

HOUSE BILL 322

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

## INTRODUCED BY

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## AN ACT

RELATING TO TRANSPORTATION; CREATING THE TRANSPORTATION TRUST FUND AND THE TRANSPORTATION PROGRAM FUND; MAKING ANNUAL DISTRIBUTIONS TO THE TRANSPORTATION PROGRAM FUND TO PROVIDE MATCHING FUNDS FOR FEDERAL GRANTS; DISTRIBUTUTING A PORTION OF GROSS RECEIPTS TAX REVENUE ATTRIBUTABLE TO THE SALE OF ELECTRICITY TO THE TRANSPORTATION TRUST FUND; AMENDING DISTRIBUTIONS OF THE MOTOR VEHICLE EXCISE TAX; AMENDING CERTAIN SECTIONS OF LAWS 2021 THROUGH 2024 TO REQUIRE CERTAIN UNEXPENDED GENERAL FUND CAPITAL OUTLAY APPROPRIATIONS TO REVERT TO THE TRANSPORTATION TRUST FUND; MAKING AN APPROPRIATION.

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

**SECTION 1. [NEW MATERIAL] TRANSPORTATION TRUST FUND.--**

A. The "transportation trust fund" is created as a nonreverting fund in the state treasury. The fund consists of

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1 distributions, appropriations, gifts, grants and donations.  
2 Income from investment of the fund shall be credited to the  
3 fund. Money in the fund shall be expended only as provided in  
4 this section.

5                   B. The state investment officer, subject to the  
6 approval of the state investment council and in consultation  
7 with the state treasurer, shall invest money in the  
8 transportation trust fund in accordance with the prudent  
9 investor rule set forth in the Uniform Prudent Investor Act.

10                  C. The state investment officer shall submit an  
11 annual report on the investments made pursuant to this section  
12 no later than October 1 of each year to the legislative finance  
13 committee, the state investment council, the revenue  
14 stabilization and tax policy committee and any other  
15 appropriate interim committees.

16                  D. On July 1, 2029 and each July 1 thereafter, a  
17 distribution shall be made from the transportation trust fund  
18 to the transportation program fund in an amount equal to five  
19 percent of the average of the year-end market values of the  
20 fund for the immediately preceding three calendar years. If,  
21 on July 1 of a year, the trust fund has been in effect for less  
22 than three calendar years, the distribution shall be in an  
23 amount equal to five percent of the average of the year-end  
24 market values of the trust fund for the immediately preceding  
25 number of calendar years that the trust fund has been in

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1 effect.

2           **SECTION 2. [NEW MATERIAL] TRANSPORTATION PROGRAM FUND.--**

3 The "transportation program fund" is created in the state  
4 treasury. The fund consists of distributions, appropriations,  
5 gifts, grants, donations and income from investment of the  
6 fund. The department of transportation shall administer the  
7 fund. Money in the fund is subject to appropriation by the  
8 legislature to provide matching funds for federal grants for  
9 transportation infrastructure projects authorized by the  
10 legislature. Expenditures from the fund shall be by warrant of  
11 the secretary of finance and administration pursuant to  
12 vouchers signed by the secretary of transportation or the  
13 secretary's authorized representative. Any unexpended balance  
14 remaining at the end of a fiscal year shall revert to the  
15 transportation trust fund.

16           **SECTION 3. A new section of the Tax Administration Act,**

17 Section 7-1-6.74 NMSA 1978, is enacted to read:

18           **"7-1-6.74. [NEW MATERIAL] DISTRIBUTION--TRANSPORTATION**  
19 **TRUST FUND.--A distribution pursuant to Section 7-1-6.1 NMSA**  
20 **1978 shall be made to the transportation trust fund in an**  
21 **amount equal to the following percentages of the taxable gross**  
22 **receipts attributable to the sale of electricity:**

23           A. prior to July 1, 2032, one percent;

24           B. on or after July 1, 2032 and prior to July 1,  
25 2037, one and one-fourth percent;

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C. on or after July 1, 2037 and prior to July 1, 2042, one and one-half percent;

D. on or after July 1, 2042 and prior to July 1, 2047, one and three-fourths percent; and

E. on or after July 1, 2047, two percent."

SECTION 4. Section 7-14-10 NMSA 1978 (being Laws 1988, Chapter 73, Section 20, as amended) is amended to read:

"7-14-10. DISTRIBUTION OF PROCEEDS.--The receipts from the tax and any associated interest and penalties shall be deposited in the "motor vehicle suspense fund", hereby created in the state treasury. As of the end of each month, the net receipts attributable to the tax and associated penalties and interest shall be distributed as follows:

A. prior to July 1, 2028:

(1) thirty percent to the general fund;

(2) thirty-five percent to the state road

fund;

(3) fifteen percent to the transportation

project fund; and

(4) twenty percent to the transportation trust

B. on and after July 1, 2028, except as provided in Subsection C of this section:

(1) fifty percent to the state road fund;

(2) twenty percent to the transportation

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1 project fund; and

2 (3) thirty percent to the transportation trust  
3 fund; and

4 C. if gross receipts tax revenue in any twelve-  
5 month period beginning July 1, 2031 and prior to July 1, 2042  
6 is less than ninety percent of the gross receipts tax revenue  
7 for the previous twelve-month period, as determined by the  
8 department of finance and administration, then beginning July 1  
9 following the determination:

10 [A. ~~fifty-nine and thirty-nine hundredths~~] (1)  
11 fifty percent to the general fund;

12 [B. ~~twenty-one and eighty-six hundredths~~] (2)  
13 twenty percent to the state road fund; [and

14 [C. ~~eighteen and seventy-five hundredths~~] (3)  
15 fifteen percent to the transportation project fund; and

16 (4) fifteen percent to the transportation  
17 trust fund."

18 SECTION 5. Laws 2021, Chapter 138, Section 2 is amended  
19 to read:

20 "SECTION 2. GENERAL FUND APPROPRIATIONS--LIMITATIONS--  
21 REVERSIONS.--

22 A. Except as otherwise specifically provided by  
23 law, the unexpended balance of an appropriation made in this  
24 act from the general fund shall revert to the general fund:  
25 (1) no later than September 30 following:

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(a) the end of fiscal year 2022 if the project for which an appropriation was made has less than five percent of the project's total appropriation amount subject to a binding written agreement with a third party on that date;

(b) the end of fiscal year 2023 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 2025 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 2025.

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

C. Except as provided in Subsection D of this section, the balance of an appropriation made from the general fund shall revert in the time frame set forth in Subsection A of this section to the capital projects fund.

D. The balance of an appropriation made from the general fund to the Indian affairs department or the aging and

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1 long-term services department for a project located on lands of  
2 an Indian nation, tribe or pueblo shall revert in the time  
3 frame set forth in Subsection A of this section to the tribal  
4 infrastructure project fund.

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

9 F. 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 G. The unexpended balance of an appropriation made  
14 in this act from the general fund that has not reverted on or  
15 before the effective date of this 2026 act shall revert in the  
16 time frame set forth in Subsection A of this section to the  
17 transportation trust fund."

18 SECTION 6. Laws 2022, Chapter 53, Section 2 is amended to  
19 read:

20 "SECTION 2. GENERAL FUND APPROPRIATIONS--LIMITATIONS--  
21 REVERSIONS.--

22 A. Except as otherwise specifically provided by  
23 law, the unexpended balance of an appropriation made in this  
24 act from the general fund shall revert to the general fund:  
25

(1) no later than September 30 following:

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

(b) the end of fiscal year 2024 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 2026 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 2026.

B. 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.

C. 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.

D. The unexpended balance of an appropriation made

1       in this act from the general fund that has not reverted on or  
2       before the effective date of this 2026 act shall revert in the  
3       time frame set forth in Subsection A of this section to the  
4       transportation trust fund."

5           **SECTION 7.** Laws 2023, Chapter 199, Section 1 is amended  
6 to read:

7           **"SECTION 1. GENERAL FUND APPROPRIATIONS--LIMITATIONS--**  
8       **REVERSIONS.--**

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

12               (1) no later than September 30 following:

13                       (a) the end of fiscal year 2024 if the  
14 project for which an appropriation was made has less than five  
15 percent of the project's total appropriation amount subject to  
16 a binding written agreement with a third party on that date;

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

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

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(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 before the effective date of this 2026 act shall revert in the time frame set forth in Subsection A of this section to the transportation trust fund."

**SECTION 8.** Laws 2024, Chapter 66, Section 1 is amended to read:

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

A. Except as otherwise specifically provided by law, the unexpended balance of an appropriation made in this

act from the general fund shall revert to the general fund:

(1) no later than September 30 following:

(a) the end of fiscal year 2026 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

(b) the end of fiscal year 2028 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 2028.

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

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 before the effective date of this 2026 act shall revert in the time frame set forth in Subsection A of this section to the transportation trust fund."

**SECTION 9. APPROPRIATION.--**Four hundred million dollars (\$400,000,000) is appropriated from the general fund to the transportation trust fund for expenditure in fiscal year 2027 and subsequent fiscal years to provide initial funding to the fund. Any unexpended balance remaining at the end of a fiscal year shall not revert to the general fund.

SECTION 10. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2026.

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