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SENATE BILL 166

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

INTRODUCED BY

Mimi Stewart

AN ACT

RELATING TO PUBLIC FUNDS; AUTHORIZING TRANSFERS FROM THE  
GENERAL FUND TO OTHER FUNDS IF REVENUES OF THE GENERAL FUND  
EXCEED APPROPRIATIONS AND THE SUM OF THE EXCESS AND THE BALANCE  
OF THE GENERAL FUND OPERATING RESERVE EXCEEDS A CERTAIN AMOUNT;  
CONFORMING SECTION 6-4-2.2 NMSA 1978 (BEING LAWS 1987, CHAPTER  
264, SECTION 3 AND LAWS 1987, CHAPTER 347, SECTION 3, AS  
AMENDED).

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

SECTION 1. Section 6-4-2.2 NMSA 1978 (being Laws 1987,  
Chapter 264, Section 3 and Laws 1987, Chapter 347, Section 3,  
as amended) is amended to read:

"6-4-2.2. GENERAL FUND TAX STABILIZATION RESERVE.--

A. The "tax stabilization reserve" is created  
within the state treasury as a reserve fund of the state.

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1           B. The tax stabilization reserve consists of money  
2 directed or appropriated to it by law and all income from  
3 investment of the reserve. The state investment officer,  
4 subject to the approval of the state investment council, shall  
5 invest money in the reserve:

6                   (1) in accordance with the prudent investor  
7 rule set forth in the Uniform Prudent Investor Act; and

8                   (2) in consultation with the state treasurer.

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

16           D. Except as otherwise provided in [~~Subsection~~]  
17 Subsections E and F of this section [~~Subsection B of Section~~  
18 ~~6-4-4 NMSA 1978~~] and [~~Section 4 of this 2024 act~~] Laws 2024,  
19 Chapter 61, Section 4, any balance of the tax stabilization  
20 reserve may be:

21                   (1) appropriated only by a two-thirds'  
22 majority vote of both houses of the legislature following  
23 receipt by the legislature of a declaration of the governor  
24 that such an appropriation is necessary for the public peace,  
25 health and safety; or

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1 (2) expended by the governor only:

2 (a) pursuant to an appropriation made by  
3 a two-thirds' majority vote of both houses of the legislature  
4 specifying the amount of the appropriation and the purpose of  
5 the expenditure; and

6 (b) if the governor declares that the  
7 expenditure is necessary for the public peace, health and  
8 safety.

9 E. If, as of the end of a fiscal year, the balance  
10 in the general fund operating reserve is less than one percent  
11 of aggregate general fund appropriations for that fiscal year,  
12 as determined by the department of finance and administration  
13 after the close of that fiscal year, then an amount equal to  
14 the smaller of either one percent of aggregate general fund  
15 appropriations for that fiscal year or the amount necessary to  
16 bring the balance of the general fund operating reserve to one  
17 percent of aggregate general fund appropriations for that  
18 fiscal year shall be transferred from the tax stabilization  
19 reserve to the general fund operating reserve. If a transfer  
20 pursuant to this subsection is made for a fiscal year, no  
21 further transfers pursuant to this subsection shall be made for  
22 that fiscal year.

23 [~~E.~~] F. If general fund revenues, including all  
24 transfers to the general fund authorized by law, are projected  
25 by the governor to be insufficient either to meet the level of  
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1 appropriations authorized by law from the general fund for the  
2 current fiscal year or to meet the level of appropriations  
3 recommended in the budget and appropriations bill submitted in  
4 accordance with Section 6-3-21 NMSA 1978 for the next fiscal  
5 year, the balance in the tax stabilization reserve may be  
6 appropriated by the legislature up to the amount of the  
7 projected insufficiency for either or both fiscal years."

8 SECTION 2. Section 6-4-4 NMSA 1978 (being Laws 1987,  
9 Chapter 347, Section 4, as amended) is amended to read:

10 "6-4-4. [~~TRANSFER~~] TRANSFERS FROM THE GENERAL FUND [~~TO~~  
11 ~~THE GOVERNMENT RESULTS AND OPPORTUNITY EXPENDABLE TRUST--~~  
12 ~~TRANSFER FROM THE TAX STABILIZATION RESERVE TO THE GENERAL FUND~~  
13 ~~OPERATING RESERVE].--~~

14 A. Except as provided in Subsection B of this  
15 section, if the revenues of the general fund exceed the total  
16 of appropriations from the general fund, the excess revenue  
17 shall be transferred to the general fund operating reserve.  
18 [~~provided that~~]

19 B. If the sum of the excess revenue plus the  
20 balance in the general fund operating reserve prior to the  
21 transfer is greater than:

22 (1) five percent but less than eight percent  
23 of the aggregate recurring appropriations from the general fund  
24 for the previous fiscal year, then the following percentages of  
25 the excess above five percent but less than eight percent shall

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1 be transferred from the general fund to the following funds;  
2 provided that the combined balances of the general fund  
3 operating reserve and the tax stabilization reserve for that  
4 fiscal year exceed twenty-five percent of the aggregate  
5 recurring appropriations for that fiscal year from the general  
6 fund, as determined by the department of finance and  
7 administration:

8 (a) twenty-five percent to the medicaid  
9 trust fund;

10 (b) twenty-five percent to the  
11 behavioral health trust fund;

12 (c) twenty-five percent to the community  
13 benefit fund;

14 (d) fifteen percent to the public  
15 education reform fund;

16 (e) seven percent to the rural health  
17 care delivery fund; and

18 (f) three percent to the Kiki Saavedra  
19 senior dignity fund; and

20 (2) eight percent of the aggregate recurring  
21 appropriations from the general fund for the previous fiscal  
22 year, then ~~[an amount equal to the smaller of either the amount~~  
23 ~~of the excess revenue; or the difference between the sum and~~  
24 ~~eight percent of the aggregate recurring appropriations from~~  
25 ~~the general fund for the previous fiscal year; shall be~~

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1 transferred to the government results and opportunity  
2 expendable trust.

3 B. If the balance in the general fund operating  
4 reserve as of the end of a fiscal year is less than one percent  
5 of aggregate general fund appropriations for that fiscal year,  
6 as determined by the department of finance and administration,  
7 then an amount equal to the smaller of either one percent of  
8 aggregate general fund appropriations for that fiscal year or  
9 the amount necessary to bring the balance of the general fund  
10 operating reserve to one percent of aggregate general fund  
11 appropriations for that fiscal year shall be transferred from  
12 the tax stabilization reserve to the general fund operating  
13 reserve] the transfers pursuant to Paragraph (1) of this  
14 subsection shall be made in accordance with the provisions of  
15 that paragraph, and the amount of the excess revenue above  
16 eight percent of aggregate recurring appropriations from the  
17 general fund for the previous fiscal year shall be transferred  
18 from the general fund to the government results and opportunity  
19 expendable trust."

20 SECTION 3. EFFECTIVE DATE.--The effective date of the  
21 provisions of this act is July 1, 2026.

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