

SENATE BILL 240

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

INTRODUCED BY

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AN ACT

RELATING TO CAPITAL EXPENDITURES; AUTHORIZING THE ISSUANCE OF SEVERANCE TAX BONDS; MAKING APPROPRIATIONS FROM THE GENERAL FUND AND OTHER STATE FUNDS; ESTABLISHING CONDITIONS FOR THE ISSUANCE OF SEVERANCE TAX BONDS AND THE EXPENDITURE OF SEVERANCE TAX BOND PROCEEDS; REQUIRING CERTIFICATIONS TO THE DEPARTMENT OF FINANCE AND ADMINISTRATION; ESTABLISHING CONDITIONS FOR THE REVERSION OF UNEXPENDED BALANCES; MAKING APPROPRIATIONS; DECLARING AN EMERGENCY.

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

SECTION 1. SEVERANCE TAX BONDS--AUTHORIZATIONS--
APPROPRIATION OF PROCEEDS.--

A. The state board of finance may issue and sell severance tax bonds in compliance with the Severance Tax Bonding Act in an amount not to exceed the total of the amounts .233340.1

1 authorized for purposes specified in this act. The state board
2 of finance shall schedule the issuance and sale of the bonds in
3 the most expeditious and economical manner possible upon a
4 finding by the board that the project has been developed
5 sufficiently to justify the issuance and that the project can
6 proceed to contract within a reasonable time. The state board
7 of finance shall further take the appropriate steps necessary
8 to comply with the federal Internal Revenue Code of 1986, as
9 amended. Proceeds from the sale of the bonds are appropriated
10 for the purposes specified in this act.

11 B. The agencies named in this act shall certify to
12 the state board of finance when the money from the proceeds of
13 the severance tax bonds appropriated in this section is needed
14 for the purposes specified in the applicable section of this
15 act. If an agency has not certified the need for severance tax
16 bond proceeds for a particular project by the end of fiscal
17 year 2028, the authorization for that project is void.

18 C. Before an agency may certify for the need of
19 severance tax bond proceeds, the project must be developed
20 sufficiently so that the agency reasonably expects to:

21 (1) incur within six months after the
22 applicable bond proceeds are available for the project a
23 substantial binding obligation to a third party to expend at
24 least five percent of the bond proceeds for the project; and

25 (2) spend at least eighty-five percent of the

1 bond proceeds within three years after the applicable bond
2 proceeds are available for the project.

3 D. Except as otherwise specifically provided by
4 law:

5 (1) the unexpended balance from the proceeds
6 of severance tax bonds appropriated in this act for a project
7 shall revert to the severance tax bonding fund no later than
8 the following dates:

9 (a) for a project for which severance
10 tax bond proceeds were appropriated to match federal grants,
11 six months after completion of the project;

12 (b) for a project for which severance
13 tax bond proceeds were appropriated to purchase vehicles,
14 including emergency vehicles and other vehicles that require
15 special equipment; heavy equipment; books; educational
16 technology; or other equipment or furniture that is not related
17 to a more inclusive construction or renovation project, at the
18 end of the fiscal year two years following the fiscal year in
19 which the severance tax bond proceeds were made available for
20 the purchase; and

21 (c) for any other project for which
22 severance tax bonds were appropriated, within six months of
23 completion of the project, but no later than the end of fiscal
24 year 2030; and

25 (2) all remaining balances from the proceeds

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1 of severance tax bonds appropriated for a project in this act
2 shall revert to the severance tax bonding fund three months
3 after the latest reversion date specified for that type of
4 project in Paragraph (1) of this subsection.

5 E. Except for appropriations to the capital program
6 fund, money from severance tax bond proceeds provided pursuant
7 to this act shall not be used to pay indirect project costs.

8 F. Except for a project that was originally funded
9 using a tax-exempt loan or bond issue, a project involving
10 repayment of debt previously incurred shall be funded through
11 the issuance of taxable severance tax bonds with a term that
12 does not extend beyond the fiscal year in which they are
13 issued.

14 G. Money that is appropriated from the proceeds of
15 severance tax bonds pursuant to this act shall not be subject
16 to a binding written agreement with a third party prior to the
17 authorized state agency's approval to enter into that
18 agreement.

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

23 SECTION 2. GENERAL FUND APPROPRIATIONS--LIMITATIONS--
24 REVERSIONS.--

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

3 (1) no later than September 30 following:

4 (a) the end of fiscal year 2028 for a
5 project for which an appropriation was made to purchase
6 vehicles, including emergency vehicles and other vehicles that
7 require special equipment; heavy equipment; books; educational
8 technology; or other equipment or furniture that is not related
9 to a more inclusive construction or renovation project; or

10 (b) the end of fiscal year 2030 for a
11 project for which an appropriation was made related to an
12 inclusive construction or renovation project; or

13 (2) within six months of completion of the
14 project for any other project for which an appropriation was
15 made, but no later than the end of fiscal year 2030.

16 B. The agencies named in this act shall certify to
17 the department of finance and administration that the money
18 appropriated in this act is needed for the purposes specified
19 in the applicable section of this act. If an agency has not
20 certified the need for the appropriation for a particular
21 project by the end of fiscal year 2028, the authorization for
22 that project is void.

23 C. 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

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1 agency's approval to enter into that agreement.

2 D. 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 SECTION 3. FUND APPROPRIATIONS OTHER THAN GENERAL FUND--
7 LIMITATIONS--REVERSIONS.--

8 A. Except as otherwise specifically provided by
9 law:

10 (1) the unexpended balance of an appropriation
11 made in this act from a fund other than the general fund shall
12 revert no later than the following dates:

13 (a) for a project for which an
14 appropriation was made to match federal grants, six months
15 after completion of the project;

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

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

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1 project, but no later than the end of fiscal year 2030; and

2 (2) all remaining balances from an
3 appropriation made in this act for a project shall revert three
4 months after the latest reversion date specified for that type
5 of project in Paragraph (1) of this subsection.

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

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

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

18 SECTION 4. CULTURAL AFFAIRS DEPARTMENT PROJECT--SEVERANCE
19 TAX BONDS.--Pursuant to the provisions of Section 1 of this
20 act, upon certification by the cultural affairs department that
21 the need exists for the issuance of the bonds, five million
22 dollars (\$5,000,000) is appropriated to the cultural affairs
23 department to plan, design, construct, furnish and equip
24 improvements to sites and facilities at museums, monuments,
25 historic sites and cultural facilities statewide.

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1 **SECTION 5. VETERANS' SERVICES DEPARTMENT--GENERAL**
2 FUND.--Two million dollars (\$2,000,000) is appropriated from
3 the general fund to the veterans' services department for
4 expenditure in fiscal years 2026 through 2030, unless otherwise
5 provided in Section 2 of this act, to plan, design, construct,
6 furnish and equip improvements to veteran cemeteries and
7 memorials statewide.

8 **SECTION 6. PUBLIC EDUCATION DEPARTMENT PROJECT--**
9 **APPROPRIATION FROM THE PUBLIC SCHOOL CAPITAL OUTLAY**
10 FUND.--Eighteen million eight hundred eighty thousand dollars
11 (\$18,880,000) is appropriated from the public school capital
12 outlay fund to the public education department for expenditure
13 in fiscal years 2026 through 2030, unless otherwise provided in
14 Section 3 of this act, to purchase district-owned school buses
15 statewide.

16 **SECTION 7. PROJECT SCOPE--EXPENDITURES.--**If an
17 appropriation for a project authorized in this act is not
18 sufficient to complete all the purposes specified, the
19 appropriation may be expended for any portion of the purposes
20 specified in the appropriation. Expenditures shall not be made
21 for purposes other than those specified in the appropriation.

22 **SECTION 8. ART IN PUBLIC PLACES.--**Pursuant to Section
23 13-4A-4 NMSA 1978 and where applicable, the appropriations
24 authorized in this act include one percent for the art in
25 public places fund.

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underscored material = new
[bracketed material] = delete

1 SECTION 9. EMERGENCY.--It is necessary for the public
2 peace, health and safety that this act take effect immediately.

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