

underscored material = new
[bracketed material] = delete

SENATE BILL 304

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

INTRODUCED BY

Leo Jaramillo

AN ACT

RELATING TO PUBLIC BENEFITS; ENACTING THE NEW MEXICO NEXT
GENERATION ACT; CREATING THE NEXT GENERATION TRUST FUND AND
PROVIDING FOR INVESTMENT OF THAT FUND BY THE STATE INVESTMENT
OFFICER; CREATING THE BABY BONDS FUND AND REQUIRING THE
DEPARTMENT OF FINANCE AND ADMINISTRATION TO PROMULGATE RULES
FOR ADMINISTRATION OF THAT FUND AND THE NEW MEXICO NEXT
GENERATION ACT; PROVIDING THAT BENEFITS SHALL NOT BE GUARANTEED
AND THAT A PROPERTY INTEREST SHALL NOT BE CREATED BY THE NEW
MEXICO NEXT GENERATION ACT; EXEMPTING FROM THE STATE INCOME TAX
ANY MONEY SPENT FOR BENEFICIARIES PURSUANT TO THE NEW MEXICO
NEXT GENERATION ACT; REQUIRING INFORMATION SHARING WITH THE
DEPARTMENT OF FINANCE AND ADMINISTRATION; MAKING
APPROPRIATIONS.

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

.233306.1SA

1 SECTION 1. ~~[NEW MATERIAL]~~ SHORT TITLE.--Sections 1
2 through 9 of this act may be cited as the "New Mexico Next
3 Generation Act".

4 SECTION 2. ~~[NEW MATERIAL]~~ DEFINITIONS.--As used in the
5 New Mexico Next Generation Act:

6 A. "beneficiary" means a person born in New Mexico
7 on or after July 1, 2026 who:

8 (1) has a parent who has resided in New Mexico
9 for at least five consecutive years immediately preceding the
10 person's birth; or

11 (2) while under the age of eighteen, is
12 placed:

13 (a) in the care and custody of the
14 protective services division of the children, youth and
15 families department either under the legal authorization of the
16 Children's Code or through a voluntary placement agreement
17 signed by the person's parent or legal guardian; or

18 (b) with a licensed child placement
19 agency under the authority of the Child Placement Agency
20 Licensing Act;

21 B. "educational expenses" means tuition and fees,
22 student housing, school supplies or other related expenses for
23 a public post-secondary educational institution or for
24 vocational training through apprenticeship and training
25 programs in New Mexico that are recognized by the office of

1 apprenticeship of the employment and training administration of
2 the United States department of labor, the state apprenticeship
3 office of the workforce solutions department or the
4 apprenticeship council;

5 C. "eligible expenditure" means an expenditure on
6 behalf of a beneficiary for educational expenses or for a down
7 payment to purchase a residence in New Mexico that is made in
8 accordance with New Mexico law and rules promulgated by the
9 department of finance and administration; and

10 D. "parent" means a biological or adoptive parent
11 of a child whose parental rights have not been terminated.

12 SECTION 3. [NEW MATERIAL] NEW MEXICO NEXT GENERATION
13 PROGRAM--ELIGIBILITY--CLAIM.--A beneficiary who is between
14 eighteen and forty years of age and who has successfully
15 completed a financial literacy course approved by the state
16 treasurer may submit a claim to the department of finance and
17 administration for that department to make an eligible
18 expenditure on behalf of the beneficiary. The claim shall be
19 on forms and in the manner prescribed by that department.

20 SECTION 4. [NEW MATERIAL] NEXT GENERATION TRUST FUND.--

21 A. The "next generation trust fund" is created as a
22 nonreverting fund in the state treasury. The purpose of the
23 fund is to establish and grow a source of funding to distribute
24 to the baby bonds fund. The next generation trust fund
25 consists of distributions, transfers, appropriations, gifts,

.233306.1SA

1 grants, donations, bequests and income from investment of the
2 fund. The state investment officer shall invest money in the
3 fund in accordance with the prudent investor rule set forth in
4 the Uniform Prudent Investor Act and in consultation with the
5 state treasurer. Earnings from investment of the fund shall be
6 credited to the fund. Money in the fund is subject to
7 appropriation by the legislature and shall be expended only as
8 provided for in the New Mexico Next Generation Act.

9 B. On July 1, 2044 and each July 1 thereafter, a
10 distribution shall be made from the next generation trust fund
11 to the baby bonds fund in an amount, to be determined by the
12 department of finance and administration in consultation with
13 the state investment officer, based on the number of
14 beneficiaries that will become eligible and the anticipated
15 eligible expenditures that will be made in that fiscal year. A
16 determination of the distribution amount shall take into
17 account the balance of and projected earnings and expenditures
18 from the baby bonds fund.

19 SECTION 5. [NEW MATERIAL] BABY BONDS FUND.--

20 A. The "baby bonds fund" is created in the state
21 treasury. The purpose of the baby bonds fund is to establish
22 for beneficiaries a resource for educational and housing
23 assistance, while simultaneously supporting the state's
24 economic development and well-being. The fund consists of
25 distributions made to the fund from the next generation trust

.233306.1SA

1 fund and other distributions, transfers, appropriations, gifts,
2 grants, donations, bequests and income from investment of the
3 fund. Money in the fund is appropriated to the department of
4 finance and administration to make eligible expenditures on
5 behalf of beneficiaries pursuant to the New Mexico Next
6 Generation Act. The department of finance and administration
7 shall administer the fund, and expenditures from the fund shall
8 be by warrant of the secretary of finance and administration
9 pursuant to vouchers signed by the secretary or the secretary's
10 authorized representative.

11 B. By May 1, 2044 and on each May 1 thereafter, the
12 department of finance and administration, in consultation with
13 the department of health and the children, youth and families
14 department, shall project the amount of eligible expenditures
15 required for the upcoming fiscal year and provide its
16 projection to the state investment officer.

17 SECTION 6. [NEW MATERIAL] INFORMATION SHARING.--On or
18 after July 1, 2026, the vital records and health statistics
19 bureau of the department of health and the children, youth and
20 families department shall enter into an agreement with the
21 department of finance and administration to provide to the
22 department of finance and administration any information
23 necessary to determine or verify the identity or number of
24 beneficiaries that may be eligible for assistance pursuant to
25 the New Mexico Next Generation Act. The vital records and

.233306.1SA

1 health statistics bureau of the department of health and the
2 children, youth and families department shall provide to the
3 department of finance and administration any information that
4 is required pursuant to that agreement.

5 SECTION 7. [NEW MATERIAL] RULEMAKING BY DEPARTMENT OF
6 FINANCE AND ADMINISTRATION.--The department of finance and
7 administration shall promulgate rules necessary for the
8 administration of the baby bonds fund and the New Mexico Next
9 Generation Act. The rules shall include requirements for:

- 10 A. determining a person's status as a beneficiary;
11 B. determining whether a proposed expenditure on
12 behalf of a beneficiary constitutes an eligible expenditure;
13 C. an accounting of benefits available to
14 individual beneficiaries; and
15 D. any other procedures necessary for
16 administration of the baby bonds fund and the New Mexico Next
17 Generation Act.

18 SECTION 8. [NEW MATERIAL] NO GUARANTEE OF BENEFITS OR
19 ENFORCEABLE INTEREST.--The provisions of the New Mexico Next
20 Generation Act do not guarantee any benefits and shall not be
21 construed to create an interest in property that is enforceable
22 under state law or that does not otherwise exist.

23 SECTION 9. [NEW MATERIAL] DESIGNATED BENEFICIARY'S
24 ELIGIBILITY FOR NEED-BASED ASSISTANCE.--Except as provided by
25 federal law, money in the next generation trust fund and the

.233306.1SA

1 baby bonds fund shall not be considered an asset for the
2 purposes of determining a beneficiary's eligibility for
3 need-based public assistance programs, grants or aid.

4 SECTION 10. A new section of the Income Tax Act is
5 enacted to read:

6 "[NEW MATERIAL] EXEMPTION--NEW MEXICO NEXT GENERATION
7 ACT.--

8 A. Money expended on behalf of a beneficiary
9 pursuant to the New Mexico Next Generation Act is exempt from
10 state income taxation.

11 B. As used in this section, "beneficiary" means a
12 person born in New Mexico on or after July 1, 2026 who:

13 (1) has a parent who has resided in New Mexico
14 for at least five consecutive years immediately preceding the
15 person's birth; or

16 (2) while under the age of eighteen, is
17 placed:

18 (a) in the care and custody of the
19 protective services division of the children, youth and
20 families department either under the legal authorization of the
21 Children's Code or through a voluntary placement agreement
22 signed by the person's parent or legal guardian; or

23 (b) with a licensed child placement
24 agency under the authority of the Child Placement Agency
25 Licensing Act."

.233306.1SA

1 SECTION 11. A new section of the Children's Code is
2 enacted to read:

3 "[NEW MATERIAL] INFORMATION SHARING PURSUANT TO NEW MEXICO
4 NEXT GENERATION ACT.--Nothing in the Children's Code shall be
5 deemed to prohibit the department from providing to the
6 department of finance and administration any information
7 necessary to assist in the determination or verification of the
8 identity or number of beneficiaries that may be eligible for
9 assistance pursuant to the New Mexico Next Generation Act."

10 SECTION 12. APPROPRIATIONS.--

11 A. Twenty million dollars (\$20,000,000) is
12 appropriated from the general fund to the next generation trust
13 fund for expenditure in fiscal year 2027 and subsequent fiscal
14 years for the purposes of the next generation trust fund. Any
15 unexpended balance remaining at the end of a fiscal year shall
16 not revert to the general fund.

17 B. One hundred thousand dollars (\$100,000) is
18 appropriated from the general fund to the department of finance
19 and administration for expenditure in fiscal year 2027 and
20 subsequent fiscal years for administering the New Mexico Next
21 Generation Act. Any unexpended balance remaining at the end of
22 a fiscal year shall not revert to the general fund.

23 SECTION 13. EFFECTIVE DATE.--The effective date of the
24 provisions of this act is July 1, 2026.