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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 29

SHORT TITLE: Military Base Impact Funding

SPONSOR: Reps. Sariñana/Block and Martinez, A./Sen. Pope

LAST UPDATE: 1/21/2026 **ORIGINAL DATE:** 1/21/2026 **ANALYST:** Rodriguez

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$8,000.0	Nonrecurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Office of Military Base Planning and Support

Agency or Agencies That Were Asked for Analysis but did not Respond

Economic Development Department

SUMMARY

Synopsis of House Bill 29

House Bill 29 (HB 29) appropriates \$8 million from the general fund to the Military Base Impact Fund for expenditure in FY27 and subsequent fiscal years to support infrastructure projects in local communities located within the service areas of U.S. military bases or designated defense communities.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$8 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall not revert.

SIGNIFICANT ISSUES

Creation of Military Base Impact Fund. Laws 2025, Chapter 99 (House Bill 158) created the

military base impact fund, a nonreverting fund in the state treasury. The legislation authorizes the state Office of Military Base Planning and Support (OMBPS) to award infrastructure project grants from the military base impact fund to communities within service areas of U.S. military bases or defense facilities. The fund is administered by the Economic Development Department (EDD) and grants are awarded to communities by OMBPS. Per statute, grants can be used for infrastructure project construction, planning and design, or the purchase of interests in land for new facilities or the renovation of existing facilities in communities within the service areas of U.S. military bases or defense facilities.

Administration of the Fund. To support the agency's efforts in administering the fund, the Legislature increased OMBPS' contractual services budget by \$100 thousand, or 126.3 percent, in FY26. These funds were appropriated with the intent of allowing the agency to find a contractor to vet projects and award grants. However, the fund did not receive an appropriation during the 2025 session. Since the enactment of the fund, OMBPS has contracted with a law firm for \$60 thousand to draft rules, policies, and procedures associated with the fund.

ADMINISTRATIVE IMPLICATIONS

OMBPS has 1.5 FTE, consisting of an executive director and a part-time assistant. Despite recent legislative increases, administration of a fund of this size may present operational challenges.

OTHER SUBSTANTIVE ISSUES

Other Funding Sources. Multiple LFC reports have identified unspent capital outlay funds because of a lack of centralized infrastructure planning, inconsistent vetting of infrastructure projects, small appropriations diffused across multiple projects, and local capacity limitations. At the end of FY25, statewide unspent capital outlay balances reached an all-time high, totaling an estimated \$7.2 billion, a 22 percent increase over the prior year. Roughly 44 percent of the infrastructure projects in the 2025 capital bill received 50 percent or less of the funding requested for those projects.

In 2024, the Legislature created an Infrastructure Planning and Development Division within the state Department of Finance and Administration (DFA) to provide assistance to local governments in accessing funding for infrastructure development and administering funding to complete infrastructure projects (Laws 2024; Chapter 10). DFA's Infrastructure Planning and Development Division also helps local communities develop their infrastructure capital improvement plans to prioritize their local infrastructure needs when requesting state capital funding. New Mexico has multiple funds and entities responsible for vetting and administering grant funding to local infrastructure projects.

For example, the Legislature appropriated \$50 million to DFA in 2025 for an infrastructure project grant program for local recreation and quality of life projects. In 2025, the Legislature appropriated an additional \$200 million to the water project fund to address a gap between qualified applications and available funding for water projects funded through the state Water Trust Board.