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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 204

SHORT TITLE: Funding for Terminated Research Projects

SPONSOR: Soules

LAST UPDATE: _____ **ORIGINAL DATE:** 02/03/26 **ANALYST:** Jorgensen

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$100,000.0	Recurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Higher Education Department

SUMMARY

Synopsis of Senate Bill 204

Senate Bill 204 (SB204) appropriates \$100 million from the general fund to Higher Education Department for the purpose of supplementing reduced or terminated federal funding for existing research programs at New Mexico research institutions.

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 \$100 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY28 shall revert to the general fund.

Although Senate Bill 204 does not specify future appropriations, establishing a new program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

SIGNIFICANT ISSUES

The Higher Education Department reported federal funding cuts of \$105 million to research institutions in a report to the Federal Funding Stabilization subcommittee in October 2025. The largest portion of the cuts, \$60.8 million, was in the national energy technology laboratory. New Mexico Tech reported \$54.8 million of the energy technology laboratory loss was for carbon sequestration projects in the San Juan Basin.

HED reports:

Implementation of SB204 would require HED to make several policy and administrative determinations that are not specified in the bill. Considerations may include:

- Whether there will be a limit on the amount of funding that may be awarded to a single research project;
- Whether applications will be accepted on a rolling basis or through a defined application cycle;
- Whether there will be a limit on the total amount of funding distributed in each fiscal year
- Whether and how projects will be prioritized, including consideration of statewide economic, workforce, or research benefits;
- Whether institutions will be required to internally prioritize projects for submission, similar to the Research and Public Service Project (RPSP) application process;
- What criteria HED should use to determine feasibility or if HED would need to define those criteria; and
- How to handle changes to project scope and if the funding would remain eligible for continued usage after changes.

CJ/cf/ct