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FISCAL IMPACT REPORT

BILL NUMBER: Senate Memorial 9

SHORT TITLE: Study State Purchase of Utilities

SPONSOR: Pope

LAST UPDATE: _____ **ORIGINAL DATE:** 2/2/2026 **ANALYST:** Francis

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

| Agency/Program | FY26 | FY27 | FY28 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|----------------|------|---------------------------|------|-------------------|---------------------------|---------------|
| | | Indeterminate but minimal | | | | |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Memorial 6

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Public Regulation Commission

New Mexico Finance Authority

State Investment Council

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

Economic Development Department

SUMMARY

Synopsis of Senate Memorial 9

Senate Memorial 9 (SM9) requests the Legislative Finance Committee (LFC) conduct a study to determine the benefits—economic, environmental, consumers—of using state investment funds to invest in state public utilities. SM9 directs LFC to consult with the Public Regulation Commission (PRC), New Mexico Finance Authority (NMFA), the Attorney General, State Investment Council (SIC), and the Economic Development Department (EDD).

The study would include specific required procedures, disclosures, and actions and direct the PRC to refrain from approving any private equity investments in the utilities (New Mexico Gas Company and TXNM Energy, Inc, the parent company of the Public Service Company of New Mexico or PNM) until such studies are finished and no sooner than the conclusion of the 2027 legislative session (the first session of the Fifty-Eighth Legislature).

FISCAL IMPLICATIONS

Memorials do not contain appropriations and are not enforceable as state law. However, the study requested in SM6 is outside of the normal operations of the LFC and is likely to result in additional costs for the LFC and other agencies.

SM6 requires LFC to consult with the following agencies: Public Regulation Commission, New Mexico Finance Authority, Attorney General, State Investment Council, and Economic Development Department.

SIC estimates the administrative costs for all agencies to be between \$14,400 and \$21,600:

Costs for staffing the study are indeterminate, but we estimate a minimum of 8-16 hours per month of work on the report, from April-November 2026, with 1-1.5 staff members across five named state agencies, not including LFC staff time. Assuming total average compensation costs based on public reporting of NM salary and benefits of \$125k in FY24, a conservative estimated cost is ~\$60/hour each, or between \$14,400 - \$21,600 in personnel resources across the 8-month period. Given the highly technical nature of expertise required for this study, the salaries of the employees expected to participate could be substantially higher than this estimate.

SIGNIFICANT ISSUES

The intention of SM6 is to evaluate the benefits of the state investment fund ownership of public utilities like PNM. The ownership would not be state ownership but ownership by the state's sovereign wealth fund, like the land grant permanent fund or the severance tax permanent fund. These funds have over \$50 billion in assets (as of 1/20/2026¹) and have a range of assets, including private equity. However, SIC invests through fund and fund managers rather than direct investments. SIC reports staff expertise lies in fund manager selection and notes the staff "does not have expertise that can support utility operations, energy transmission, and more that can support a study seeking to explore highly technical topics outlined in the memorial around the effect of private equity ownership of public utilities and other critical infrastructure."

NMFA raises concerns about the ability of the state investment managers (SIC, Public Employee Retirement Association, and Educational Retirement Board) to be able to take a controlling stake and whether that would set up a conflict with the "public benefit goal of reasonable rates to rate payers and the private equity goal of giving high returns to investors."

Per PRC website, there is a joint application that has been filed with PRC "for approval of the acquisition and merger of Troy Merger Sub Inc. with TXNM Energy Inc.; approval of a general diversification plan, and all other authorizations and approvals required to consummate and implement this transaction."² PRC has scheduled public comment on this issue for February 5, 2026. Per the notice, PRC is soliciting comment on the application to merge Troy Merger Sub Inc with TXNM Energy Inc.³

¹ [Dashboard January 2026 - Final.pdf](#)

² [PRC PNM Acquisition Case Information](#)

³ [PRC notice of public comment hearing, Docket No. 25-00060-UT](#)

SIC expresses concerns over the timing for both the proposed acquisitions of New Mexico Gas and PNM. The sale of New Mexico Gas to Bernhard Capital Partners is expected to be completed in February 2026, pending PRC approval, and the sale of TXNM Energy to Blackstone Infrastructure is “estimated to be completed by the end of the year [2026].”

PERFORMANCE IMPLICATIONS

PRC reports the request to defer approval of the acquisition and to be a participant on the task force would “conflict with the PRC’s responsibility to serve as a fair and impartial adjudicatory body in utility matters.”

SIC reports the funds it manages “have exposure to Blackstone Infrastructure.”

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Memorial 6 also requests the LFC convene experts and report on “the impacts of private equity ownership and control of essential utilities and critical infrastructure.”

NF/hg