

August 21, 2025

Capital Outlay Subcommittee

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Capital Development Program Funds

1. Direct LFC and DFA staff to develop a criteria-based application process for 2026 funds open to local and tribal governments for planning and design or for construction of projects that are nearing completion of design and have quality cost estimates. LFC staff should be included in scoring process. DFA should deliver a funding recommendation to LFC by November 1. LFC will evaluate for inclusion in the statewide framework.
2. Direct LFC staff to develop additional statutory eligibility criteria for program funds for consideration as committee-endorsed legislation in the fall.

Prioritization and Vetting

1. Ask DFA to provide an assessment of local entities' readiness to receive funding in fall 2025. Provide list to members with sponsor reports prior to session.
2. Ask DFA to produce a list of underfunded, existing capital projects prior to session. Provide list to members with sponsor reports prior to session.
3. Request LCS provide LFC staff with a preliminary list of local requests, including answers to request form vetting questions, no later than two weeks prior to the session. Direct LFC staff to collate requests with information provided by DFA, to the extent possible, and to provide caucus staff with vetting information on requests in an easy-to-use format no later than one week prior to the session.
4. Direct LFC staff to draft legislation for potential committee endorsement that includes:
 - a. A proposed mechanism for limiting discretionary capital outlay for local drinking water and wastewater system improvement projects (not to include equipment appropriations). The proposal will be developed in consultation with executive and NMFA partners.
 - b. Requiring capital outlay requests over a certain dollar threshold to appear on an ICIP.

Reauthorizations and Reversions

1. Direct staff to draft legislation for potential committee endorsement including the following limits to reauthorizations and directives for reversions:
 - a. Limit of one time extension per appropriation. Standard extension to remain at two years.
 - b. Allow reauthorizations for technical changes and to correct drafting errors but not to change the purpose of an appropriation.
 - c. Establishing an encumbrance or expenditure threshold to be eligible for reauthorization.
 - d. Future reversions from general fund capital appropriations will go to the capital development and reserve fund. These reversions would contribute to future capital outlay capacity but would not remain assigned to legislators or communities.