



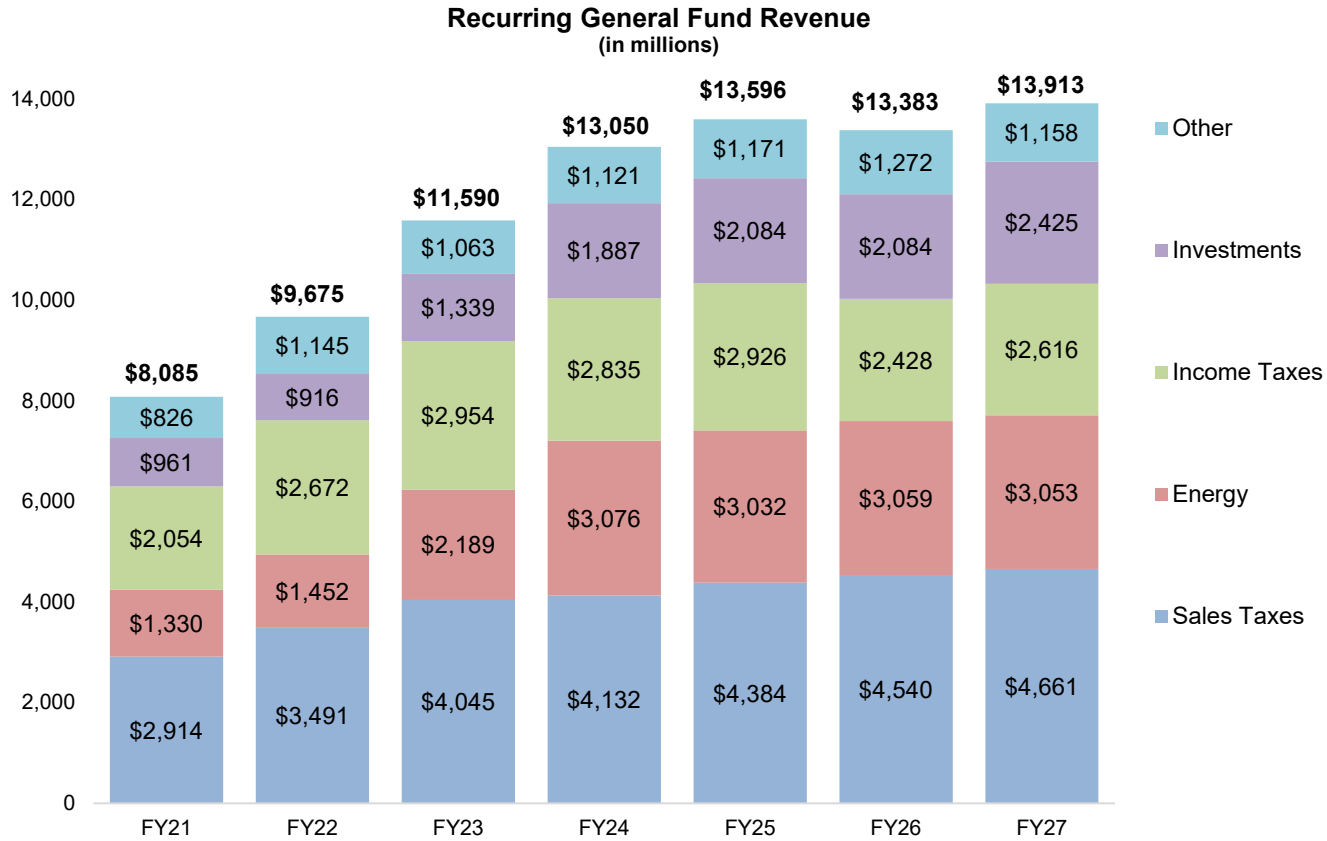
NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

2026 Post-Session Review

Charles Sallee, Director, LFC

Presented April 27, 2026

Oil production and wage growth led to record-high revenue increases since FY21, but forecasts have significantly slowed.



Source: December 2025 CREG Estimate, pre-session



Lawmakers increased recurring budgets by 3.1 percent to \$11.2 billion. The 2026 session also included over \$2.7 billion of nonrecurring appropriations.

FY27 General Fund Recurring Appropriation Growth (in millions)		
	Amount	Y-o-Y Growth
Legislative	\$1.1	2.1%
Judicial	\$17.4	3.6%
General Control	\$15.8	7.2%
Commerce, Industry	\$4.8	4.3%
Agriculture, Energy and Natural Resources	\$9.4	6.9%
Medicaid	(\$6.8)	(0.3%)
Other Health, Hospitals and Human Services	\$48.8	5.1%
Public Safety	\$25.5	4.4%
Other Education	(\$1.2)	(1.3%)
Higher Education	\$76.1	5.3%
Public School Support	\$115.6	2.5%
Recurring Compensation (excl. public education)	\$26.0	-
Total Recurring	\$332.4	3.1%



LFC Endorsed Legislation

10 bills endorsed

7 passed Legislature

6 signed into law

1 vetoed (House Bill 180 – disaster financing & emergency funding reform)

Enacted Legislation Highlights:

HB 8 (Ch. 50): New fund for major higher education capital projects

HB 47 (Ch. 52): Raises employer share of school employee health premiums to 80% (FY27)

HB 66 (Ch. 45): Increases health professional loan repayment awards

HB 158 (Ch. 29): Strengthens accountability and planning for GRO spending

HB 184 (Ch. 37): Improves Land of Enchantment Legacy Fund distributions and performance

HB 247 (Ch. 59): Limits reauthorizations and new capital outlay appropriations

Stalled or Not Introduced:

TRD Data Sharing Bill: Would have allowed the Taxation and Revenue Department to share data with LFC (*not introduced*)

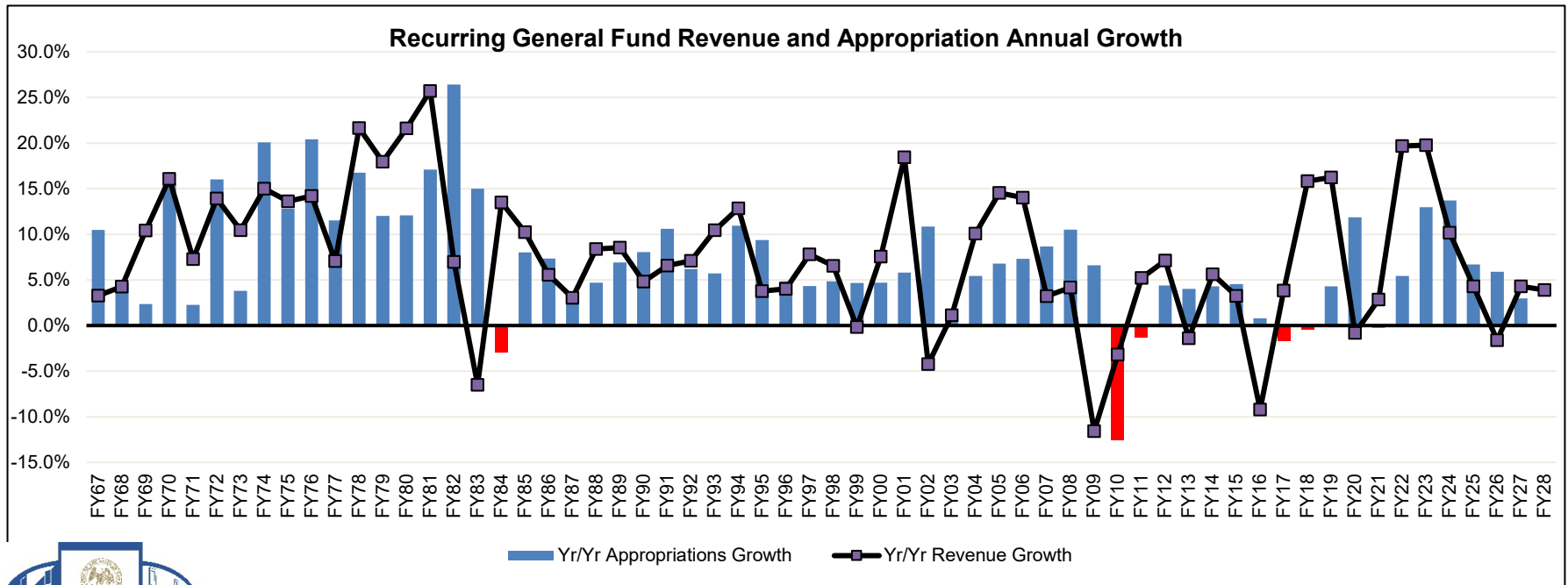
Senate Bill 112: Align venture capital investments with current State Investment Council rules (*died in committee*)

House Bill 121: Financial clean-up bill (investment fund language, capital development fund changes, audit rules, etc.) (*died in committee*)



Key Takeaways

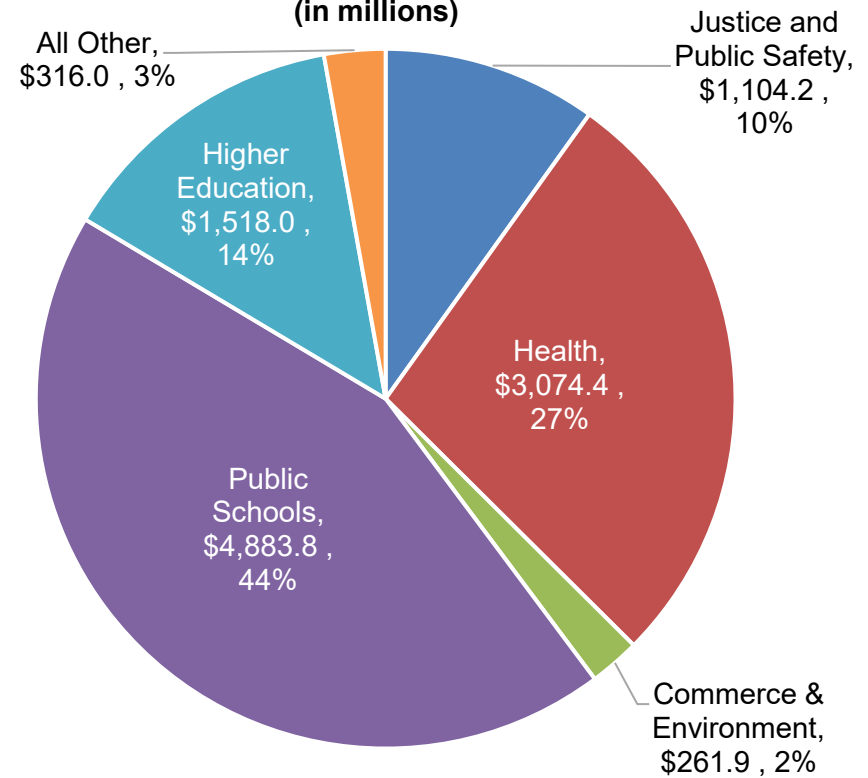
- The FY27 budget reflects a deliberate pivot toward sustainability, balancing continued investment in priority services with a slowing revenue outlook.
- Strong reserves are preserved while one-time funds are used strategically to address infrastructure, housing, and pilot programs.
- The budget prioritizes investments in improving New Mexicans' personal earned income, access to high quality health and behavioral care, quality of life, and long-term economic resilience, while avoiding over-commitment of recurring revenues.



The budget landed at \$11.2 billion in recurring general fund spending for FY27, representing a \$332 million increase, or 3.1 percent, over FY26 spending.

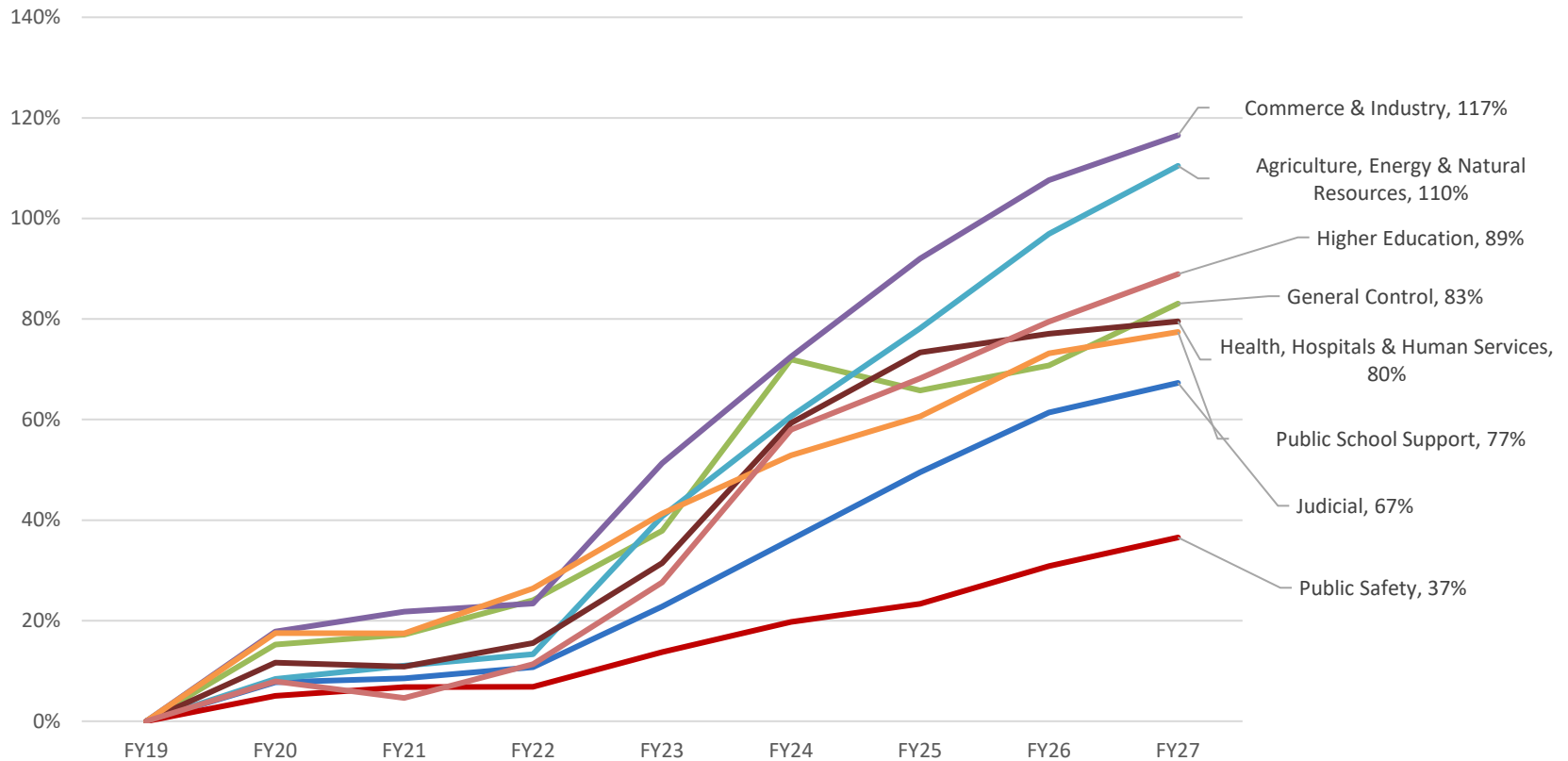
- This budget reflects a deliberate shift from the rapid spending growth of recent years to a more measured and sustainable growth rate, as the state transitions out of an extraordinary revenue period.
- General fund revenues were estimated at \$13.9 billion in FY27 going into the session, only 2.3 percent higher than FY25, reflecting (then) lower oil and gas prices, a weakening corporate income tax, and federal tax changes.
- Even with slowing revenue growth, the budget plan maintains strong reserves at approximately 26.5 percent of planned spending in FY27.

FY27 Recurring General Fund Appropriations
Total: \$11.2 billion
(in millions)

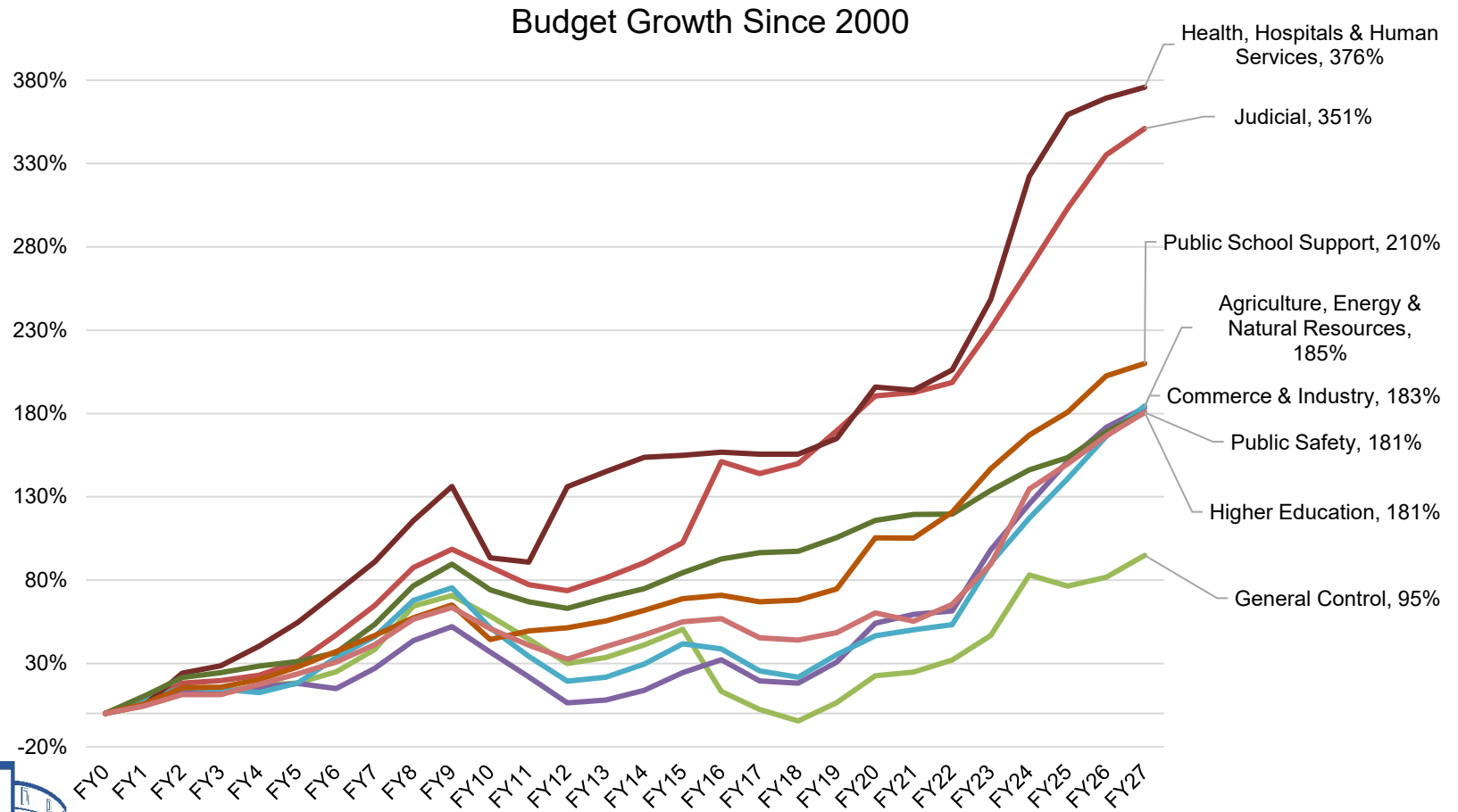


This budget continues strong growth for nearly all government sectors.

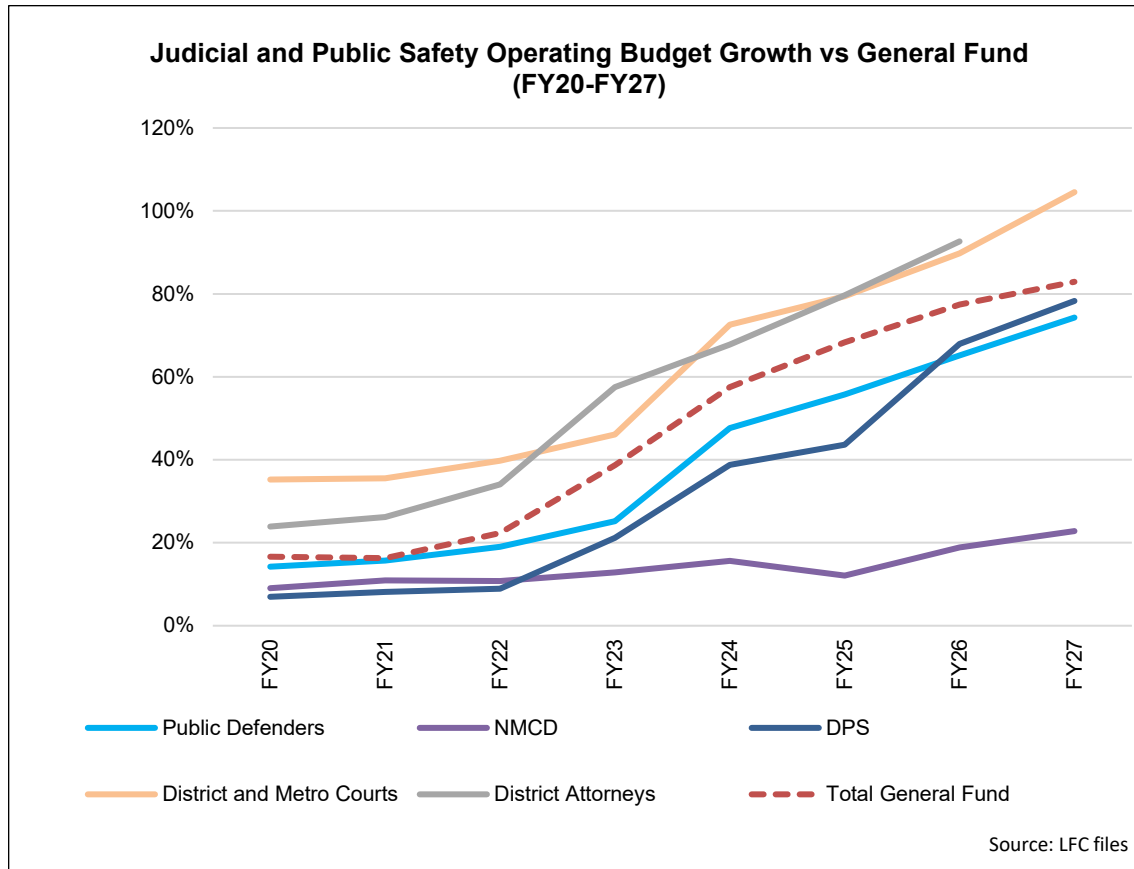
Budget Growth Since FY 2019



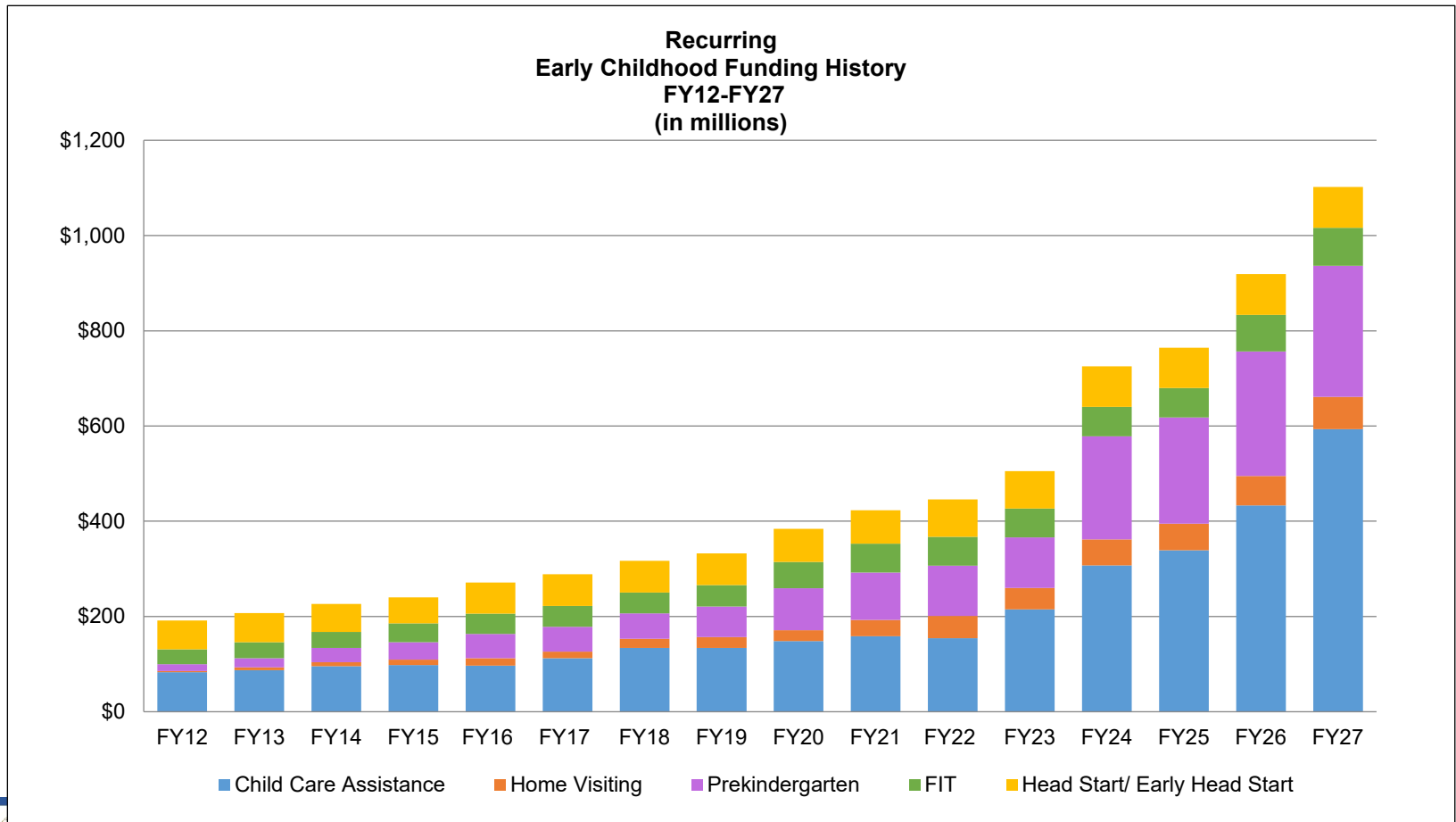
In fact, the last few years has been some of the strongest budget growth in the last 25 years.



Lawmakers during the 2026 legislative session continued a multiyear legislative focus on strengthening the capacity and performance of New Mexico's justice and public safety systems.



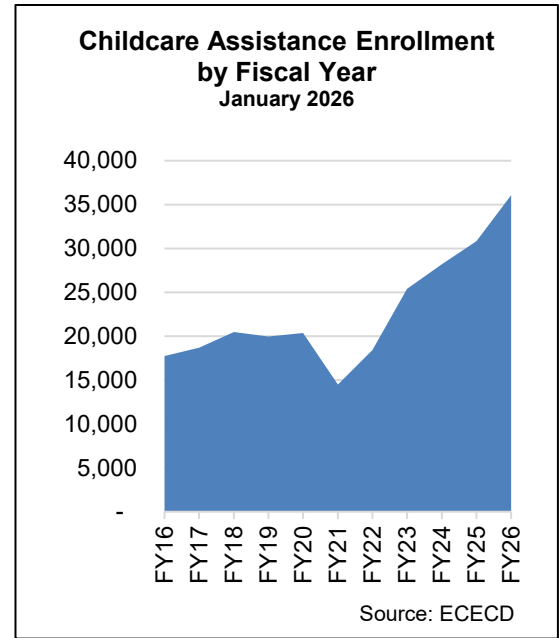
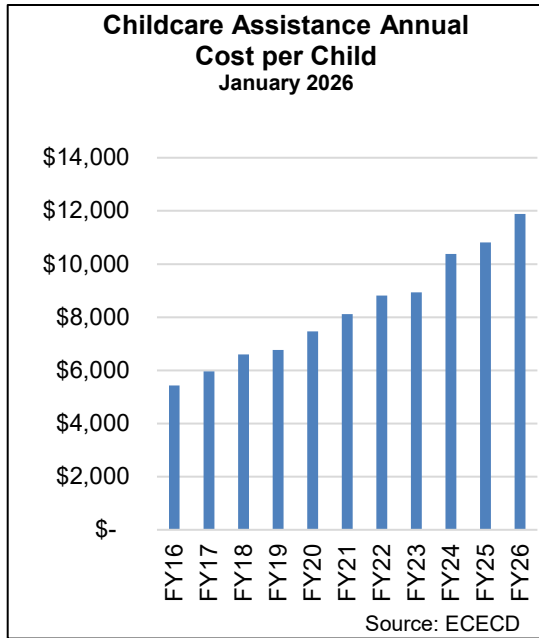
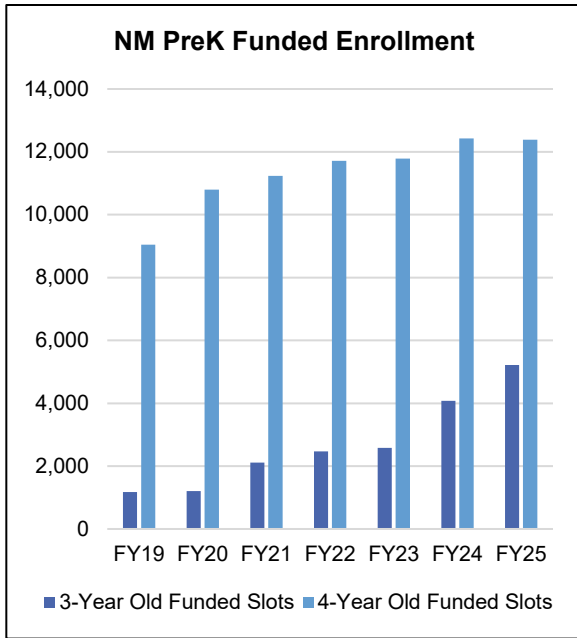
Early Childhood and Child Welfare



Source: ECECD/LFC Files



Early Childhood



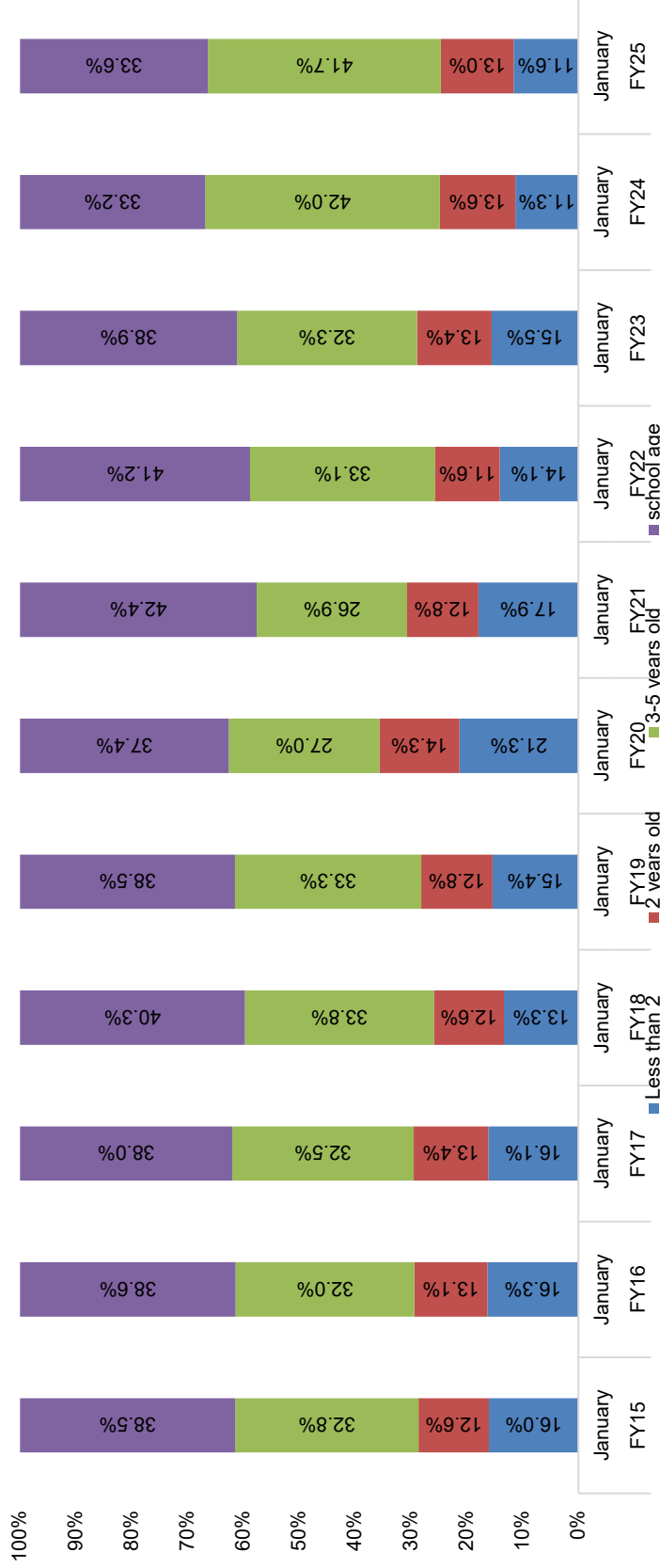
2025 Federal Poverty Levels

Household Size	100%	200%	300%	400%	500%	600%	700%
1	\$ 15,650	\$ 31,300	\$ 46,950	\$ 62,600	\$ 156,500	\$ 281,700	\$ 438,200
2	\$ 21,150	\$ 42,300	\$ 63,450	\$ 84,600	\$ 211,500	\$ 380,700	\$ 592,200
3	\$ 26,650	\$ 53,300	\$ 79,950	\$ 106,600	\$ 266,500	\$ 479,700	\$ 746,200
4	\$ 32,150	\$ 64,300	\$ 96,450	\$ 128,600	\$ 321,500	\$ 578,700	\$ 900,200
5	\$ 37,650	\$ 75,300	\$ 112,950	\$ 150,600	\$ 376,500	\$ 677,700	\$ 1,054,200
6	\$ 43,150	\$ 86,300	\$ 129,450	\$ 172,600	\$ 431,500	\$ 776,700	\$ 1,208,200



Early Childhood

Enrollment in Childcare Assistance By Age, FY15-FY25

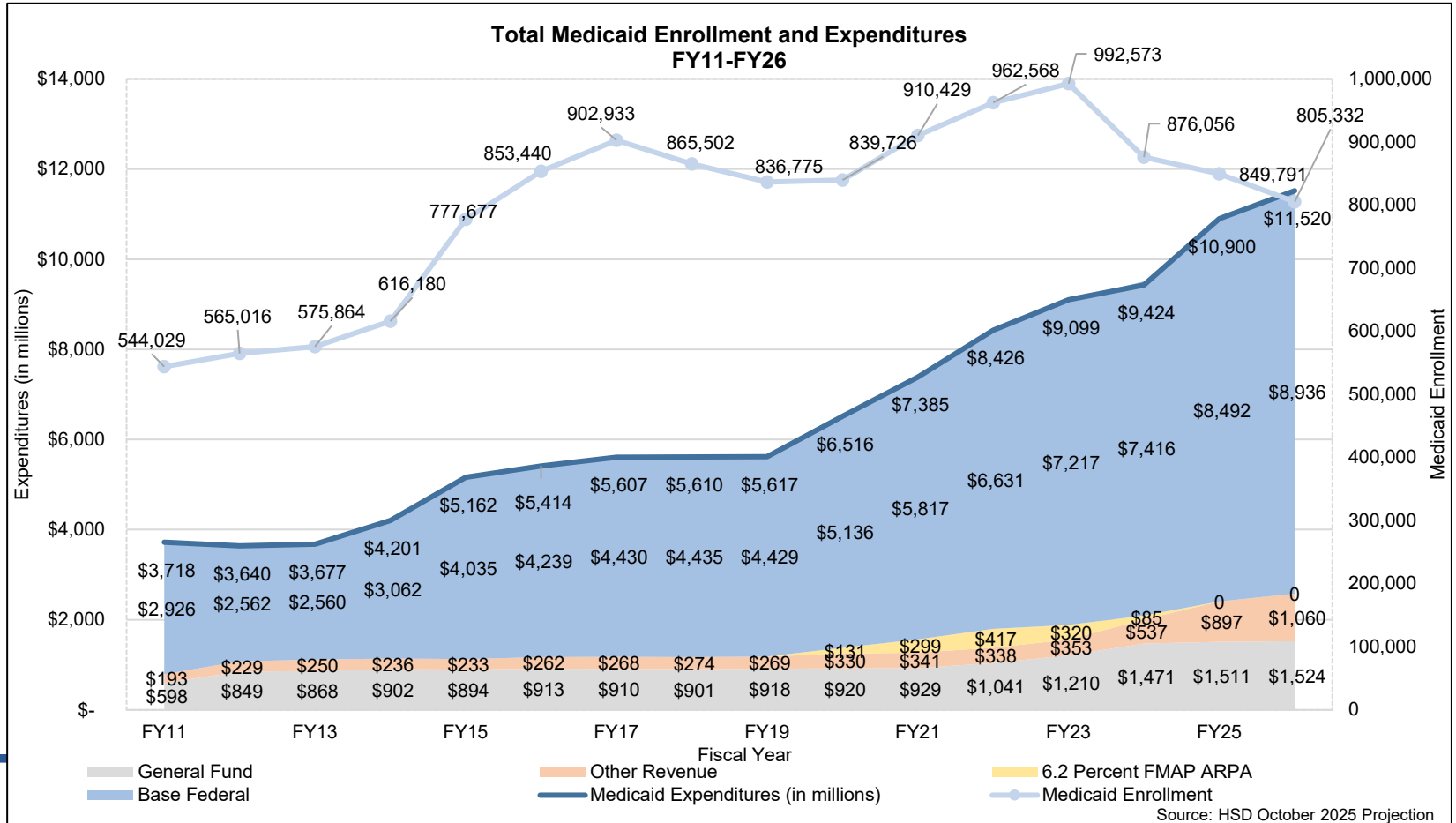


Note: children who turned 5 by August of the fiscal year are included as school age for the entire fiscal year. Black line indicates when an expansion occurred.

Source: LFC Files

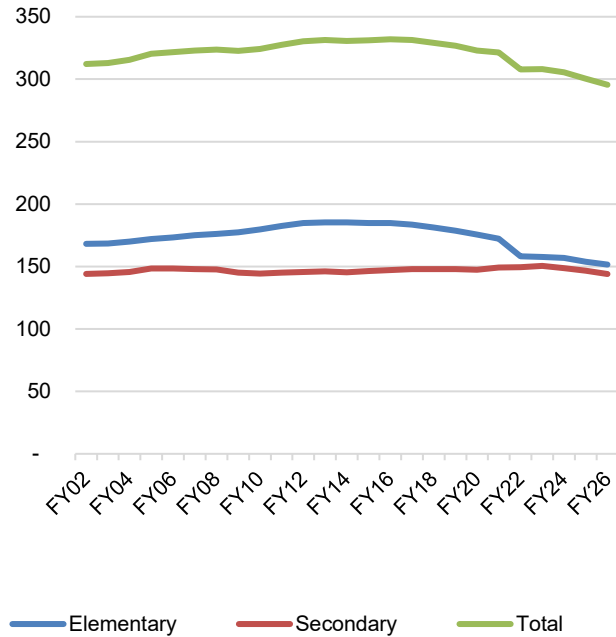


Medicaid and Opportunity for Base Budget Readjustment



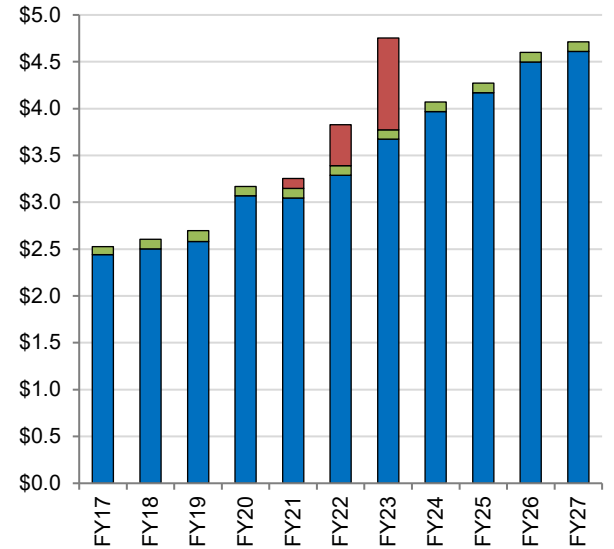
Public Education

Public School Funded Students
(in thousands)



Source: LFC Files

Formula Funding for Public Schools
(in billions)



- State Equalization Guarantee
- Federal Impact Aid and Local Mill Levy
- Federal Emergency Relief Funds

Source: LFC Files



Economic Development

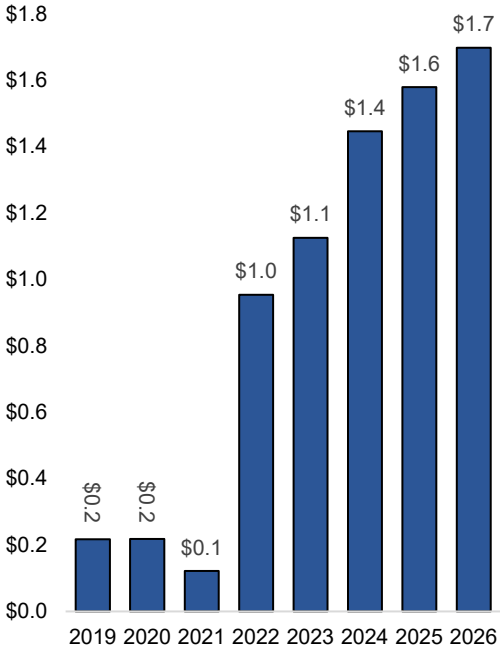
**Nonrecurring Appropriations
for Economic Development Department
(in thousands)**

Description	Amount
Science and Technology	
TIO account managers	\$500.0
Time on the cloud for quantum computing	\$10,000.0
DARPA quantum benchmarking initiative	\$49,300.0
Grants for small businesses, entrepreneurs, start-ups, and research and development	\$11,600.0
Endowed faculty positions	\$10,000.0
Innovation hubs	\$15,000.0
Open user facility for applied quantum information science research	\$38,000.0
Quantum New Mexico Institute	\$3,000.0
Research, development, and deployment fund	\$110,000.0
Space commission working group	\$200.0
Technology innovation prize program	\$1,000.0
Quality of Life	
Creative industries grants	\$4,000.0
Healthy food financing	\$2,000.0
Outdoor equity grants	\$350.0
Trails+ grants	\$10,000.0
Veteran outdoor recreational retreats	\$350.0
Marketing and Promotion	
New Mexico Partnership	\$2,000.0
Other	
IT hardware and software	\$215.0
Total	\$263,515.0



Nonrecurring Appropriations

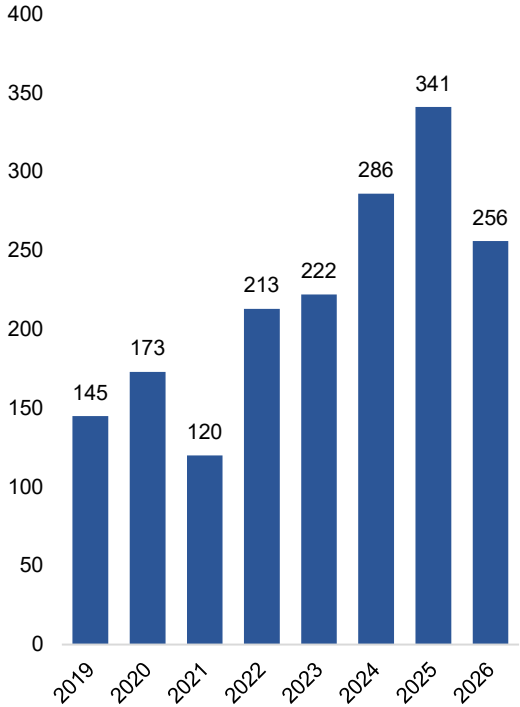
General Fund Special Appropriations* by Year (in billions)



Note: Includes special, supplemental, and deficiency appropriations to all agencies, but not appropriations from other funds or transfers from the general fund.

Source: LFC Files

Number of Special Appropriations by Year



Note: Does not include member initiatives from the government results and opportunity funds.

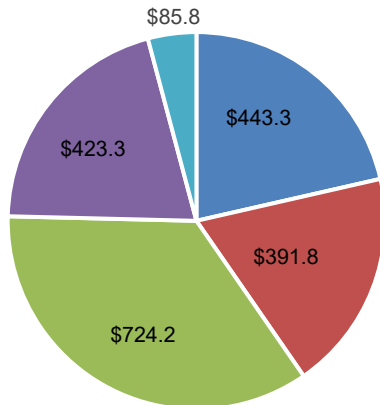
Source: LFC Files



Capital Outlay

- Capital outlay priorities emphasize completion of existing projects, with major investments in public safety facilities, higher education infrastructure, and approximately \$546 million to fully fund a new UNM School of Medicine.

**2026 Capital Outlay
All Funding Sources Total
\$2.1 Billion
(in millions)**



- General Fund
- General Obligation Bonds
- Severance Tax Bonds
- Earmark Funds
- Other State Funds

Source: LFC files

**Major Statewide Capital Appropriations
(In thousands)**

Project	Amount
UNM School of Medicine Facility Construct*	\$546,000.0
Executive Office Building Construct	\$95,000.0
New Mexico Behavioral Health Institute Forensic Unit Construct	\$75,000.0
NMSU Multi-Disciplinary Academic Building	\$55,000.0
NM Tech Major Renovation of Mineral Science Building	\$40,000.0
Improvements to State Parks	\$20,000.0
Public Safety Radio Communications	\$20,000.0
School Bus Replacement	\$18,880.0
New Mexico Reforestation Center Construction	\$17,650.0
Magistrate Court Improvements	\$17,000.0
CNM Center for Technological Innovation	\$15,000.0
Wildfire Response Facility Renovation and Vehicle Purchase	\$13,000.0
Emergency Operations Center Construct	\$10,000.0
Watershed Restoration Statewide	\$7,500.0

*Includes GOB, SSTB and GF appropriations in capital bills and GAA
Source: LFC files

**Purpose of Reauthorizations
in House Bill 332**

Action	No. of Projects
Change Agency	3
Change or Expand Purpose	21
Change or Expand Purpose and Extend Time	46
Change or Expand Purpose, Change Agency, and Extend Time	5
Extend Time	178
TOTAL	253

Source: LFC files



Legislation passed during the 2026 regular session increased recurring general fund revenue by \$50 million in FY27, and decreased revenue by \$98 million in FY28, and \$200 million in FY29.

REVENUE	FY26		FY27		FY28		FY29	
	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring
2026 Regular Session:								
Bill No.								
HB 4	Health Care Affordability Fund Distributions				\$ (91.5)		\$ (162.2)	
HB 9	Immigrant Safety Act		\$ (0.6)		\$ (0.5)		\$ (0.5)	
HB 70	PRC Support Agency				\$ (19.5)		\$ (19.7)	
HB 80	Oil and Gas Conservation Tax Act Changes				\$ (46.5)		\$ (76.5)	
HB 291	Tax Changes		\$ (0.2)		\$ (0.2)		\$ (0.2)	
SB 151	Corporate Income Tax Changes (Tax Package)		\$ 50.7		\$ 60.4		\$ 59.5	
TOTAL REVENUE	\$ -	\$ -	\$ 49.9	\$ -	\$ (97.9)	\$ -	\$ (199.6)	\$ -

At a Glance: The 2026 Tax Package

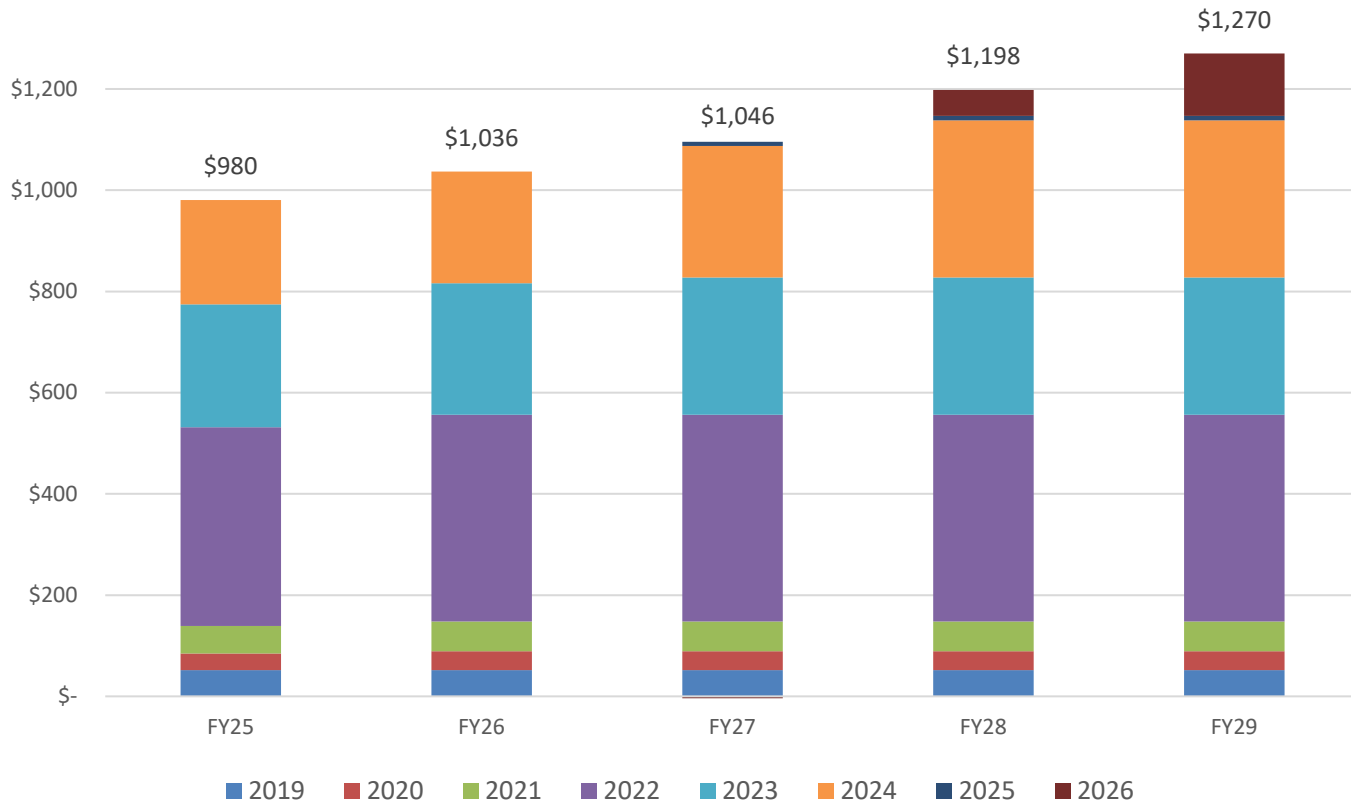
Key components include:

- \$55.8 million-\$60.8 million revenue increase (FY27) from decoupling New Mexico’s corporate income tax from federal provisions (bonus depreciation, expensing, and interest deductions), growing to over \$111 million annually;
- \$34.3 million revenue decrease for a new physician income tax credit;
- \$6.4 million revenue decrease for a gross receipts tax deduction for affordable multifamily housing construction;
- \$4 million revenue decrease for a local journalist wage-based tax credit;
- \$1 million revenue decrease for a local news printer tax credit; and
- \$5.1 million revenue decrease to extend the high-wage jobs tax credit.

In addition, the bill used the net revenue increase from the tax changes to include \$62.7 million of recurring appropriations for a 1 percent salary increase for state, higher education, and public school employees.

Tax changes passed in the last eight legislative sessions will reduce recurring revenues by over \$1 billion by FY26.

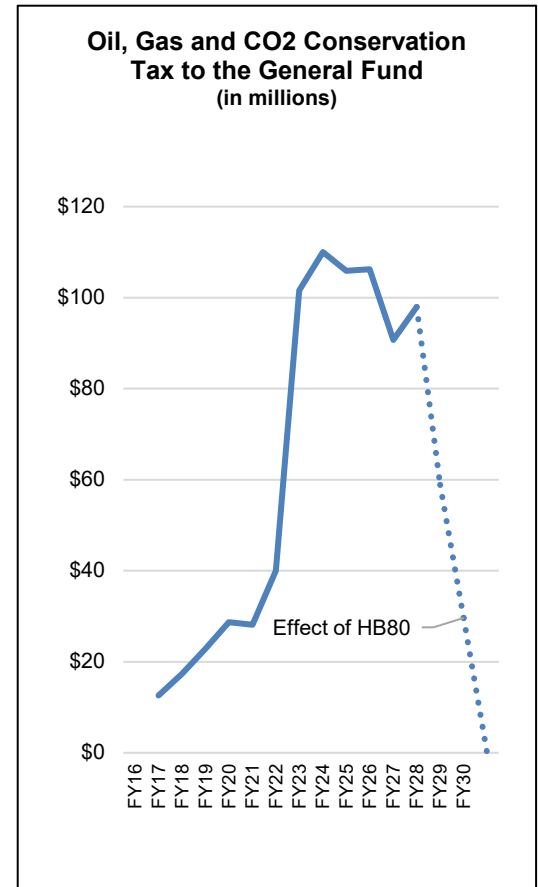
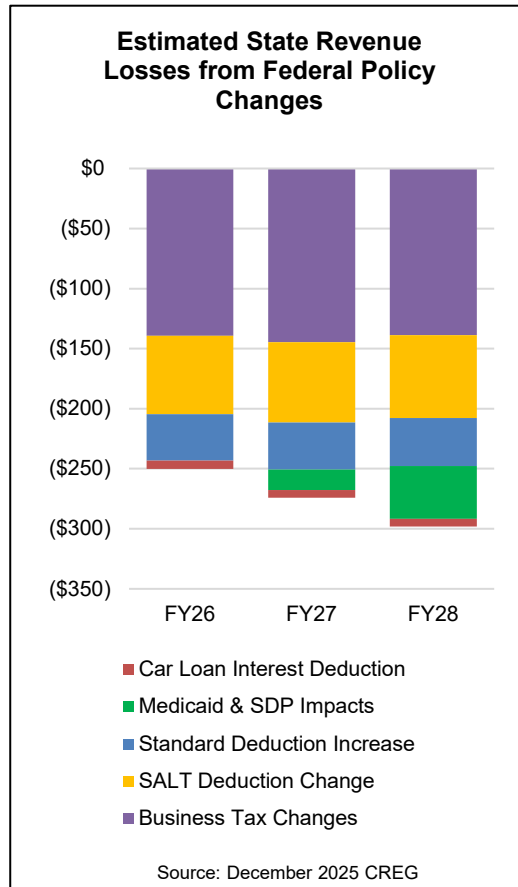
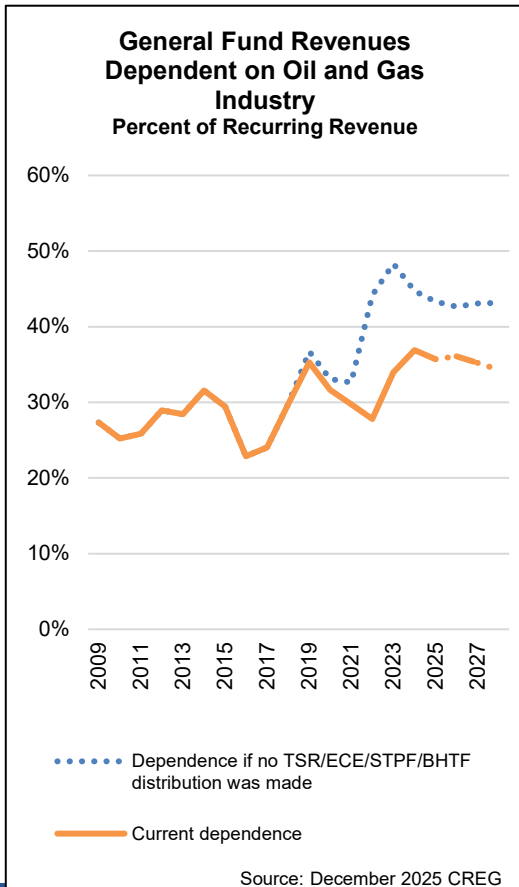
**Tax and Revenue Changes by Fiscal Year
(in millions)**



Note: Does not include OGAS revenue distribution changes

Source: LFC Files

But revenue and budget risks and liabilities still exist.



But revenue and budget risks and liabilities still exist.

FY25-FY30 General Fund Recurring Appropriation Outlook with Liabilities

(in millions)

	Operating Budget FY27		Outlook FY28		Outlook FY29		Outlook FY30	
December Consensus	\$	13,913.2	\$	14,454.3	\$	14,999.6	\$	15,612.3
Recurring Tracking Estimate	\$	(166.2)	\$	(166.2)	\$	(166.2)	\$	(166.2)
Health Care Affordability Fund Distributions			\$	(91.5)	\$	(162.2)	\$	(175.2)
Immigrant Safety Act	\$	(0.6)	\$	(0.5)	\$	(0.5)	\$	(0.5)
PRC Support Agency			\$	(19.7)	\$	(19.9)	\$	(20.1)
Oil and Gas Conservation Tax Act Changes			\$	(46.5)	\$	(76.5)	\$	(108.7)
Tax Changes			\$	(0.2)	\$	(0.2)	\$	(0.2)
Corporate Income Tax Changes (Tax Package)			\$	50.7	\$	60.4	\$	59.5
Subtotal - Other Revenue Changes	\$	(166.8)	\$	(273.9)	\$	(365.1)	\$	(411.4)
Total Recurring Revenue	\$	13,746.4	\$	14,180.4	\$	14,634.5	\$	15,200.9
Year-to-Year Percent Change		4.0%		3.2%		3.2%		3.9%
Recurring Appropriations								
Legislative	\$	55.6	\$	57.3	\$	59.0	\$	60.7
<i>Feed Bill</i>	\$	49.0	\$	50.5	\$	52.0	\$	53.6
<i>Legislative</i>	\$	6.6	\$	6.8	\$	7.0	\$	7.2
Judicial	\$	495.1	\$	510.0	\$	525.3	\$	541.0
General Control	\$	234.4	\$	241.4	\$	248.6	\$	256.1
Commerce, Industry	\$	115.1	\$	101.6	\$	104.2	\$	106.8
Agriculture, Energy and Natural Resources	\$	146.8	\$	151.2	\$	155.8	\$	160.4
Medicaid	\$	1,773.6	\$	1,826.8	\$	1,881.6	\$	1,938.1
Other Health, Hospitals and Human Services	\$	1,308.4	\$	1,347.7	\$	1,388.1	\$	1,429.7
Public Safety	\$	609.1	\$	627.4	\$	646.2	\$	665.6
Other Education	\$	95.2	\$	98.1	\$	101.0	\$	104.1
Higher Education	\$	1,518.0	\$	1,563.5	\$	1,610.4	\$	1,658.7
Public School Support	\$	4,788.6	\$	5,075.9	\$	5,380.4	\$	5,703.2
Compensation Package (excl. public education) ¹	\$	26.0	\$	104.0	\$	182.0	\$	260.0
Subtotal - Recurring Appropriations	\$	11,165.8	\$	11,704.8	\$	12,282.6	\$	12,884.5
Year-to-Year Percent Change, pre-adjustment		3.1%		4.8%		4.9%		4.9%

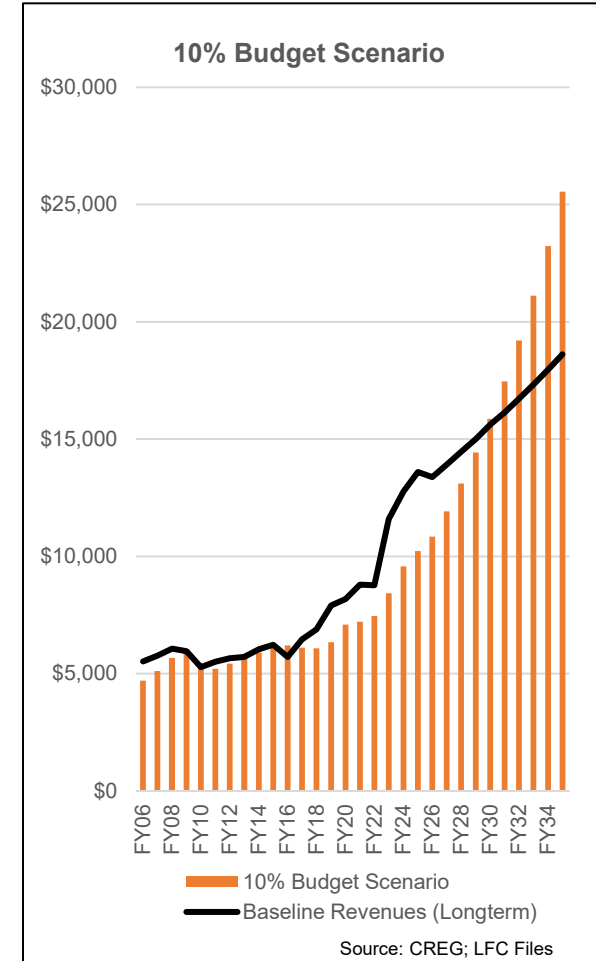
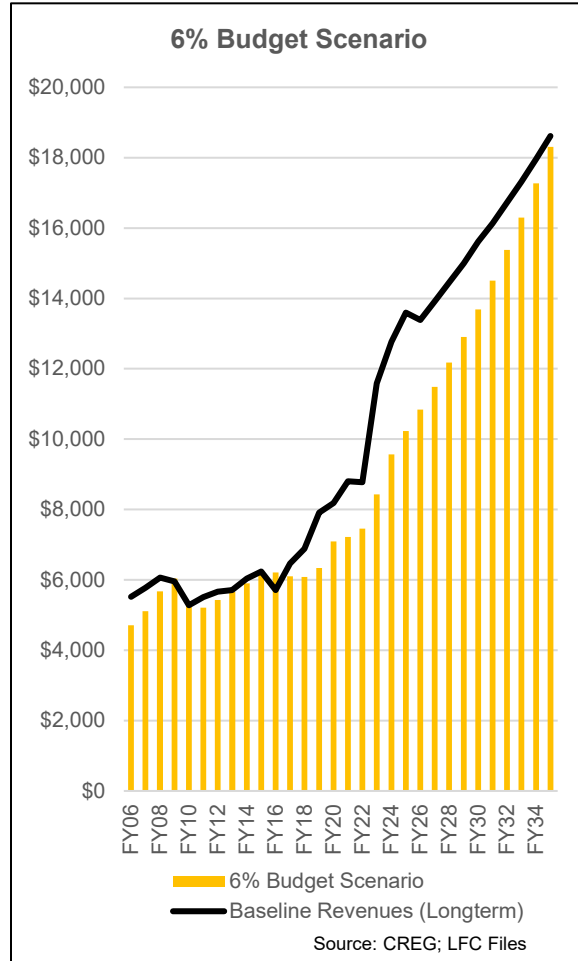
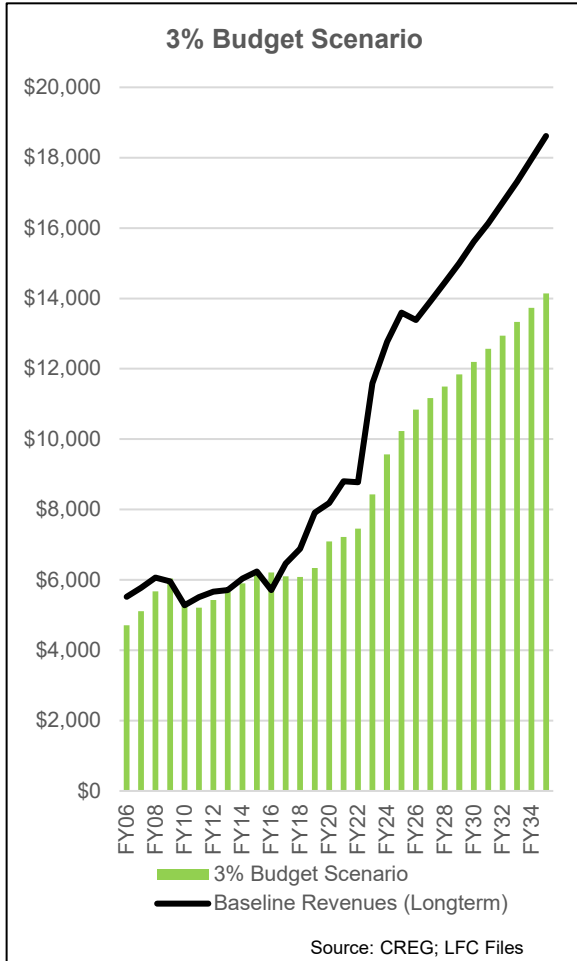


But revenue and budget risks and liabilities still exist.

Other Potential Recurring Liabilities					
Pilots					
-Move Successful GRO to Base Budget	\$	72.0	\$	151.0	\$ 171.7
- Move Successful PERF to Base Budget	\$	25.0	\$	45.6	\$ 64.0
Early Childhood/Child Welfare					
- Childcare Assistance Backfill ²				\$	350.0
- Protective Services Personnel	\$	14.0	\$	14.0	\$ 14.0
Education					
- Career Technical Education/Internships	\$	45.0	\$	45.0	\$ 45.0
- Literacy coaches/institute operations	\$	16.6	\$	16.6	\$ 16.6
-STEM intervension and network	\$	35.0	\$	35.0	\$ 35.0
- Teacher prep, recruitment, retention, ed fellows	\$	25.6	\$	25.6	\$ 25.6
Health and Human Services (SNAP/Medicaid)					
- HCAF Coverage for Immigrants/Expired Tax Credits and Other ³	\$	85.3	\$	161.8	\$ 273.2
- Federal SNAP New State Cost Share for Benefits ⁴				\$	173.2
- SNAP for Immigrants	\$	19.3	\$	19.3	\$ 19.3
- Replace UNM Hospital Directed Payments with State Supplemental Payments			\$	25.0	\$ 50.0
- DD Waiver Rate Study (2026)	\$	27.3	\$	27.3	\$ 27.3
- Phase two Personal Care Services Rate Adjustment	\$	10.0	\$	10.0	\$ 10.0
Subtotal - Additional Recurring	\$	375.1	\$	576.2	\$ 1,274.9
Total Recurring Appropriations + Additional Rec					
	\$	11,165.8	\$	12,079.9	\$ 12,858.8
				\$	14,159.4
Year-to-Year Percent Change		3.1%		8.2%	6.4%
					10.1%
Surplus/(Deficit) Rec	\$	2,580.6	\$	2,100.5	\$ 1,775.7
- Capital Outlay	\$	443.2	\$	525.0	\$ 525.0
- Higher Ed Capital Fund			\$	300.0	\$ 300.0
- Non Recurring Specials, Supp, & Fund Transfers ⁵	\$	2,207.9	\$	1,532.8	\$ 1,532.8
Subtotal- NR Appropriation from Recuring Rev	\$	2,651.1	\$	2,357.8	\$ 2,357.8
Surplus/(Deficit) Rec & NR	\$	(70.5)	\$	(257.3)	\$ (582.1)
				\$	(1,316.3)



Budget Scenarios



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QUESTIONS?



Representative Nathan P. Small
Chair

Representative Jack Chatfield
Representative Meredith A. Dixon
Representative Rebecca Dow
Representative Susan K. Herrera
Representative Derrick J. Lente
Representative Joseph Sanchez
Representative Harlan Vincent

State of New Mexico
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Senator Steve D. Lanier
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Senator Nicole Tobiasen
Senator Linda M. Trujillo
Senator Pat Woods

April 27, 2026

MEMORANDUM

To: Representative Nathan Small, Chair, Legislative Finance Committee
Senator George Munoz, Vice Chair, Legislative Finance Committee

Thru: Charles Sallee, Director, Legislative Finance Committee

From: Jon Courtney, Ph.D., Deputy Director, Legislative Finance Committee

Subject: Governor Action on General Appropriation Act of 2026

Summary. The governor signed House Bill 2, the General Appropriation Act, on Wednesday March 11 and used her partial veto authority. After vetoes, the recurring budget (including House Bill 1 or the "feed bill") reflects general fund growth of \$332.4 million, or about 3.1 percent (see Attachment A). This includes the 1 percent compensation increase that was included in Senate Bill 151, which was also signed by the governor. Nonrecurring vetoes include approximately \$5 million from the general fund from Section 5 (specials) and Section 6 (supplementals and deficiencies), \$30 million from the general fund from Section 8 (natural disasters and executive orders), and some vetoes impacting other funding sources throughout these sections as detailed in the attached analysis of vetoes (Attachment B).

The New Mexico Constitution gives the governor veto power, including the power to line-item veto (Article IV, Section 22). The constitution and subsequent case law (i.e., *State el rel. Sego v. Kirkpatrick, 1974-NMSC-059* and others) has also defined the scope of that power as the ability to eliminate or destroy, not create. A line-item veto cannot create, enlarge, or increase remaining parts of items through selective deletion. As in previous years, the governor vetoed instances of additional oversight and reporting requirements called for by the Legislature, citing case law that states such oversight is better established by general legislation and also citing potential interference with executive managerial functions. Additionally, there are partial vetoes that potentially enlarge or increase parts of items that may be worthy of further legal review. Unlike previous years, some of the governor's line-item vetoes leave partial language intact that is likely unimplementable, calling into question the legality of those vetoes.

Vetoes in Recurring Appropriations Highlights. In Section 4, recurring appropriations, the governor vetoed three earmarks: \$7.7 million from the general fund to CYFD's Protective Services to match federal revenue for proven programming; \$2 million in internal service funds to HCA for salary adjustments to graduate medical residents and fellows, and \$932 thousand to the Department of Wildlife for capital improvements to the Red River fishery. Consistent with previous interpretations of *State ex rel. Sego v. Kirkpatrick*, the governor may not make appropriations by carefully striking words, phrases, or sentences from an item or part of an appropriation. The entire sentence containing these appropriations was struck in these three cases. Therefore, LFC is scoring these vetoes as destroying the appropriation, and these appropriations should not be budgeted by the executive for FY27. Notably for CYFD, the veto reduces their recurring general fund increase for FY27 from 5.6 percent to 2.7 percent.

Historically, both the LFC, in post-session memos and its post-session review document, and Legislative Council Service (LCS), in its annual session *Highlights* document, have noted where the striking of earmarked funding should destroy that appropriation. For example, in the General Appropriation Act of 2025 both LFC and LCS cited the destruction of a \$4.6 million earmark to the Indian education fund; however, the \$4.6 million was budgeted and no legitimate legal challenge has arisen regarding that action or similar actions.

There are examples of partial vetoes within the recurring budget that could be interpreted as enlarging or expanding the effect of the language that remains. This includes a veto for the Early Childhood Education and Care Department on page 87 that would potentially expand the purposes of a \$60 million earmark where the language indicated the appropriation was to support wage increases for educators. In this case the words “wage increases” was vetoed potentially enlarging the uses of the \$60 million earmark. Similarly, a legally questionable veto is to language on page 139 that attempts to remove a 3 percent limit on reductions of general fund appropriations to institutions whose lower-level courses are not transferable or accepted among universities.

Vetoes in Nonrecurring Appropriations Highlights. For nonrecurring appropriations, several of the governor’s vetoes leave nonsensical or unimplementable line-item descriptions. A principal of the aforementioned *Sego* case is that the partial veto should not create legislation. Rather, the partial veto is a negative power and must be exercised in a way that eliminates or destroys the whole of an item. If only part of the whole is destroyed, it must not distort the legislative intent. Furthermore, *State ex rel. Stewart v. Martinez* established that all language that relates to the subject to be proscribed by the partial veto must be vetoed for it to be a valid veto. The remaining legislation must continue to be a workable piece of legislation. In this case, the governor exercised a partial veto that struck one of the variables in a section of the bill that was necessary to calculate employer contributions. The court found the partial veto left an incomplete and unworkable act and the partial veto was invalid. Several of the line-item vetoes in the General Appropriation Act of 2026 result in the combination of sentence fragments that are nonsensical or incomplete and, therefore, unimplementable.

For example, in Section 5:

- Item 2, pages 184-185: The governor vetoed a \$2 million appropriation to LFC citing conflicts with existing law, and vetoed all but a few fragments of the language, leaving only the phrase “for a performance.” Furthermore, it is unclear what conflicting law the governor cites in the veto message.
- Item 61, page 195: Various parts of the item language were struck for a \$500 thousand appropriation to DFA, leaving the statement, “For the implementation of juvenile justice.” The original language called for a study and plan “for the implementation of the cambiar model of juvenile justice.”
- Item 159, page 210: Various parts of the item language were struck for a \$200 thousand appropriation to HCA to eliminate a description of treatment and the location (Doña Ana county) from the appropriation, leaving, “For residential treatment services in.” This leaves a nonsensical sentence and also potentially expands the use of the appropriation beyond the Legislature’s intended purpose.
- Item 260: Language was struck for a \$1.2 million appropriation to Regional Education Cooperatives, leaving, “To conduct student reading.” This again combines sentence fragments and results in a nonsensical sentence that potentially changes or expands the purpose in the original language.

These examples do not just eliminate or destroy, but rather change the semantic meaning of the sentence structure by selective deletion, changing the purpose of the item, and thereby, potentially creating something on which the Legislature never voted, expanding the scope, and removing legislative constraints on the appropriation. For example, in the case of item 61 referenced above the Legislature appropriated money for the “implementation of the cambiar model” while the remaining language leaves “for the implementation of juvenile justice,” which is a different policy choice altogether.

Similarly, there are numerous examples of language being struck in part to expand the potential use of an appropriation. For example, Section 5, language in item 274 for the University of New Mexico, a \$3 million appropriation “to the health sciences center for an actuarial study on healthcare, including cost drivers” was struck to read “For healthcare.” As previously stated, the line-item veto power is the power to destroy but not create, and

Gov action on HB2 & 3
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the governor may not make appropriations by carefully striking words, phrases, or sentences from an item or part of an appropriation.

Several examples in Section 5 where earmarks for an appropriation were struck similar to the three examples cited above in Section 4, these are cited in Attachment B. Depending on legal interpretation there may be additional examples where such vetoes should destroy earmarked appropriations.

The governor vetoed all of Section 8, which made appropriations and transfers related to the enactment of House Bill 180, a bill updating the use of emergency funds, also vetoed by the governor. This represents the elimination of a \$30 million transfer to the appropriation contingency fund from the general fund, and the elimination of the ability to transfer an additional \$50 million and \$150 million from the appropriation contingency fund and operating reserve respectively.

In Section 9, Government Results and Opportunity fund pilot projects, the governor vetoed “randomized control” in three of the PED appropriations. Randomized control trials represent the most stringent scientific methodology to evaluate these programs. The governor also vetoed some GRO JR appropriations (Section 9 D) in part or in whole.

There were no vetoes to Sections 10 (special transportation appropriations), or 11 (fund transfers).

Section 12 (additional fiscal year 2026 budget adjustment authority) contained two vetoes: item H on page 279 for a failed contingency (HB127) and item R on page 280, which would set a \$1 million limit on budget increases from other state funds and internal service funds/interagency transfers from the hazardous waste emergency fund for emergencies. The latter of those vetoes (item R page 280) similarly falls into previously mentioned categories of expanding the effect of the existing language because the veto would allow budget increases for the stated purpose to be unlimited, in theory only capped by the amount available in the hazardous waste emergency fund, which had a balance of \$3.5 million as of March 2026.

There were no vetoes to Section 13 (certain fiscal year 2027 budget adjustments authorized) or subsequent sections of the bill.

Additional Legal Analysis and Resources: Each year the Legislative Council Services publishes their own legal review of governor vetoes to the General Appropriation Act as a part of their *Highlights* document reviewing the legislative session. This analysis is another useful touchstone that touches on the constitutionality and legality of partial vetoes. The 2026 LCS *Highlights* document was not yet available at the time of writing, but previous year’s *Highlights* documents can be found on the LCS website: . <https://www.nmlegis.gov/Publications/Highlights>



HB 2- FY27 General Fund High Level Appropriations Summary

(in millions)

Note: Totals include HB 1 where noted (Feed Bill)

AGENCY	FY28 General Fund Adj. OpBud	FY27 EXEC Req	FY27 LFC Req	H AFC	Senate*	Gov. Action Changes	Final Total	% Change from FY28
Public Education								
993 SEG (Including comp/erb)	\$ 4,497.7	\$ 4,512.8	\$ 4,610.4	\$ 4,610.4	\$ 4,610.4	\$ -	\$ 4,610.4	3%
993 Categorical	\$ 175.2	\$ 179.5	\$ 178.14	\$ 178.1	\$ 178.1	\$ -	\$ 178.1	2%
925 Related	\$ 70.2	\$ 74.8	\$ 74.7	\$ 68.2	\$ 68.2	\$ -	\$ 68.2	-3%
924 Public Education Dept.	\$ 26.3	\$ 29.3	\$ 27.2	\$ 26.5	\$ 27.0	\$ -	\$ 27.0	3%
Total Public Education	\$ 4,769.4	\$ 4,796.4	\$ 4,890.4	\$ 4,883.3	\$ 4,883.8	\$ -	\$ 4,883.8	2%
950+ Higher Education								
I&G	\$ 1,017.0	\$ 1,104.9	\$ 1,081.8	\$ 1,081.8	\$ 1,104.9	\$ -	\$ 1,104.9	9%
Other Categorical	\$ 237.0	\$ 188.1	\$ 223.5	\$ 224.3	\$ 224.3	\$ -	\$ 224.3	-5%
950 Higher Education Department	\$ 187.8	\$ 187.9	\$ 187.8	\$ 187.8	\$ 188.8	\$ -	\$ 188.8	1%
Total Higher Ed.	\$ 1,441.8	\$ 1,481.0	\$ 1,493.2	\$ 1,493.9	\$ 1,518.0	\$ -	\$ 1,518.0	5%
200 Courts	\$ 275.9	\$ 286.1	\$ 284.1	\$ 285.1	\$ 285.9	\$ -	\$ 285.9	4%
250 District Attorneys	\$ 119.7	\$ 125.1	\$ 122.8	\$ 124.6	\$ 124.6	\$ -	\$ 124.6	4%
280 Public Defender	\$ 82.1	\$ 85.8	\$ 84.6	\$ 84.7	\$ 84.7	\$ -	\$ 84.7	3%
333 TRD	\$ 89.1	\$ 92.9	\$ 91.5	\$ 91.5	\$ 91.5	\$ -	\$ 91.5	3%
341 Department of Finance & Admin	\$ 26.0	\$ 27.2	\$ 27.0	\$ 30.1	\$ 30.1	\$ -	\$ 30.1	16%
344 DFA (Special Approps)	\$ 13.3	\$ 13.3	\$ 15.3	\$ 15.3	\$ 13.4	\$ -	\$ 13.4	1%
350 General Services Department	\$ 22.8	\$ 23.7	\$ 23.5	\$ 23.5	\$ 23.9	\$ -	\$ 23.9	5%
370 Secretary of State	\$ 9.8	\$ 11.4	\$ 9.9	\$ 10.8	\$ 11.4	\$ -	\$ 11.4	19%
418 Tourism	\$ 26.2	\$ 26.6	\$ 26.5	\$ 26.5	\$ 26.5	\$ -	\$ 26.5	1%
419 Economic Development Dept	\$ 28.3	\$ 28.8	\$ 28.8	\$ 28.8	\$ 28.8	\$ -	\$ 28.8	2%
505 Cultural Affairs Department	\$ 47.7	\$ 49.7	\$ 49.6	\$ 49.6	\$ 49.6	\$ -	\$ 49.6	4%
521 Energy, Minerals & Natural Res Dept	\$ 45.0	\$ 47.1	\$ 47.0	\$ 49.0	\$ 49.0	\$ -	\$ 49.0	9%
550 State Engineer	\$ 38.4	\$ 40.3	\$ 39.6	\$ 40.0	\$ 40.7	\$ -	\$ 40.7	6%
611 Early Childhood Education & Care Dept.	\$ 301.9	\$ 465.1	\$ 315.6	\$ 330.6	\$ 325.6	\$ -	\$ 325.6	8%
624 Aging & Long-Term Care Dept.	\$ 75.0	\$ 84.3	\$ 76.8	\$ 77.4	\$ 77.4	\$ -	\$ 77.4	3%
630 Medicaid/Medicaid BH/DD Waivers	\$ 1,848.3	\$ 1,833.0	\$ 1,770.4	\$ 1,769.9	\$ 1,773.6	\$ -	\$ 1,773.6	-4%
630 Other Human Services	\$ 218.7	\$ 295.5	\$ 276.6	\$ 277.1	\$ 286.5	\$ -	\$ 286.5	31%
631 Workforce Solutions Dept	\$ 14.7	\$ 17.3	\$ 15.2	\$ 15.2	\$ 15.2	\$ -	\$ 15.2	3%
665 Department of Health	\$ 219.8	\$ 228.1	\$ 227.6	\$ 227.6	\$ 229.6	\$ -	\$ 229.6	4%
667 Environment Department	\$ 35.0	\$ 36.5	\$ 37.2	\$ 37.2	\$ 37.2	\$ -	\$ 37.2	6%
690 Children, Youth & Families Dept	\$ 269.0	\$ 299.2	\$ 282.0	\$ 282.0	\$ 284.0	\$ (7.7)	\$ 276.3	3%
770 Department of Corrections	\$ 353.5	\$ 368.0	\$ 365.1	\$ 365.1	\$ 365.1	\$ -	\$ 365.1	3%
790 Department of Public Safety	\$ 199.9	\$ 213.7	\$ 206.0	\$ 206.0	\$ 212.3	\$ -	\$ 212.3	6%
All Other Agencies (includes feed bill)	\$ 254.5	\$ 276.9	\$ 261.4	\$ 270.0	\$ 271.3	\$ -	\$ 271.3	7%
Subtotal	\$ 10,825.7	\$ 11,253.0	\$ 11,067.9	\$ 11,094.9	\$ 11,139.8	\$ (7.7)	\$ 11,132.2	2.8%
Compensation LFC: (1% Agencies/Higher Ed (public ed 1% funded in public school support). Exec 1% all funded in comp line.	\$ -	\$ 62.7	\$ 26.0	\$ 26.0	\$ 26.0	\$ -	\$ 26.0	-
Compensation Exec: 6% additional increase for state law enforcement and fire personnel	\$ -	\$ 13.5	\$ -	\$ -	\$ -	\$ -	\$ -	-
Grand Total	\$ 10,825.7	\$ 11,329.1	\$ 11,093.9	\$ 11,120.9	\$ 11,165.8	\$ (7.7)	\$ 11,158.2	3.1%

*The SFC Amendment to HB2 initially removed compensation appropriations, subsequently Senate Bill 151 added compensation back with that addition represented in the Senate column.

General Appropriation Act Vetoes
(in thousands)

Section	Page	Agency	General Fund	OSF/ISIA/FF	Total	Language Only	Veto Description
1	4	19	11th Judicial District Div I			X	Vetoes the word "remainder" regarding general fund appropriations and removes contingency of supreme court decision to transfer funds to 11th Div II.
2	4	71	Department of Wildlife	\$ (932.4)			Strikes earmark of OSF from the land of enchantment legacy fund for capital improvements to the Red River fishery.
3	4	87	ECECD			X	Strikes paragraph that called for prioritization of childcare assistance awards to certain families.
4	4	87	ECECD			X	Strikes language calling for use of \$60 million for "wage increases" for educators.
5	4	93	HCA			X	Strikes sentence allowing for HCA to reduce or rescind eligibility for the Medicaid expansion category should the federal government reduce or rescind FMAP rates.
6	4	95	HCA	\$ (2,000.0)			Strikes earmark of ISF/IAT for salary adjustments to graduate medical education residents and fellows at UNM.
7	4	115	DOH			X	Strikes language calling for DOH to use existing appropriations to reimburse hospitals that provide care to individuals committed to state facilities when they are unable to admit.
8	4	121-122	CYFD	\$ (7,662.0)			Strikes earmarked general fund appropriation to protective services providing matching funds for proven programs.
9	4	130	DPS			X	Strikes language that would have allowed DPS to forgo paying fees to DoIT for certain IT services.
10	4	139	HED			X	Strikes language allowing DFA to reduce general fund appropriations in the higher education section by "up to three percent".
11	4	140	HED			X	Strikes language that would have prevented higher education institutions receiving opportunity scholarship reimbursements if those institutions raised tuition or fees.
12	4	143	HED			X	Strikes language calling for HED to provide a written report on the opportunity scholarships operation.
13	4	179	PSS			X	Strikes language that would have limited creation of a program for programs with a majority of off campus students.

	Section	Page	Agency	General Fund	OSF/ISIA/FF	Total	Language Only	Veto Description
14	4	179	PSS				X	Strikes language that would have restricted enrollment growth units related to off campus students.
15	4	180	PSS				X	Strikes language citing outcomes set out in state law.
16			Section 4 Total	\$ (7,662.0)	\$ (2,932.4)	\$ (10,594.4)		
17	5	184-185	LFC	\$ (2,000.0)				Strikes appropriation and part of language leaving the following item with no appropriation "for a performance."
18	5	189	TRD	\$ (100.0)				Strikes \$100 thousand earmark for costs related to sharing tax information with legislative oversight bodies from \$1 million appropriation for IT needs.
19	5	189	TRD				X	Strikes BOF approval contingency for TRD to transfer up to \$5 million from the appropriation contingency fund for tax and Motor Vehicle Code changes.
20	5	190	DFA	\$ (100.0)				Strikes \$100 thousand earmark for KANW educational radio station from larger \$2.75 million appropriation for educational TV and public radio.
21	5	191	DFA	\$ (400.0)				Strikes \$400 thousand earmark for dedicated law enforcement in Luna county from larger \$2 million appropriation for public safety.
22	5	192	DFA				X	Strikes language calling for appropriation to be spent in Bernalillo county and identifying funding to be used for nursing capacity and injectable buprenorphine pilot project.
23	5	192-193	DFA				X	Strikes language calling for a senior health, wellness and public safety pilot from a \$3.5 million appropriation for a public safety complex in Guadalupe county.
24	5	193	DFA				X	Strikes language from a \$1 million appropriation for public safety grants that would have allowed funding to be used to facilitate community gatherings.
25	5	194	DFA		\$ (1,000.0)			Strikes appropriation and language for a sports hall of fame leaving "For a hall of fame." with no appropriation.
26	5	195	DFA				X	Strikes language calling for the \$5 million appropriation for tribal housing to be distributed to the NMFA.
27	5	195	DFA				X	Strikes language calling for a study and plan for cambiar model implementation leaving the \$500 thousand appropriation "for the implementation of juvenile justice".
28	5	196	DoIT				X	Strikes language calling for the \$5 million item for digital trunk radios to be contingent on DoIT implementing a local match requirement.

	Section	Page	Agency	General Fund	OSF/ISIA/FF	Total	Language Only	Veto Description
29	5	198	Tourism				X	Strikes the location of Las Cruces from the \$1 million appropriation, leaving "For the air show."
30	5	198	EDD				X	Strikes language identifying the \$10 million appropriation for "the purchase of time on the cloud" leaving "for quantum computing."
31	5	198-199	EDD		\$ (4,000.0)			Strikes creative industries grants item.
32	5	200	EDD				X	Strikes language making \$110 million contingent on performance outcomes, including research spending, jobs created and business sealing.
33	5	201	EDD	\$ (200.0)				Failed contingency for a space commission working group, House Bill 96 was pocket vetoed.
34	5	203	DCA		\$ (500.0)			Strikes item for a low rider museum in Espanola.
35	5	208	IAD	\$ (100.0)				Strikes use of \$3 million for a study and strikes \$100 thousand earmark for care and management of free-roaming and domestic horses.
36	5	208	ECECD				X	Strikes criteria and deliverables of software leaving the \$5 million appropriation "For software that is cybersecurity compliant."
37	5	208	ECECD				X	Strikes language making the \$3 million appropriation to the Kiki Saavedra senior dignity fund that would have made the funding contingent on creation of the fund in SHARE.
38	5	209	HCA				X	Strikes language that identified the removal of the 400% FPL limit for eligibility for advance premium tax credits.
39	5	210	HCA				X	Removes language calling for "innovative" residential treatment services, and removed the location of Dona Ana county for the appropriation.
40	5	211	HCA				X	Eliminates reauthorization of \$4 million.
41	5	213	DOH				X	Strikes language that specifies \$1.5 million for opioid addiction treatment program addresses root causes by providing pain management protocols and evidence-based clinical support.
42	5	215	NMED				X	Strikes language identifying the \$5 million be used for low interest loans to rural communities.
43	5	215	ONRT				X	Strikes language specifying use of \$70 million for state public land, and language allowing up to \$21 million be used as state matching dollars.
44	5	217	CYFD				X	Strikes the word "shelter" for shelter placement.

Section	Page	Agency	General Fund	OSF/ISIA/FF	Total	Language Only	Veto Description
46	5	217	CYFD			X	Strikes language calling for use of \$2.5 million to contract with "child welfare experts" and strikes language describing the pilot program as "short-term stabilization" and strikes language identifying counties for the program.
46	5	221	PED	\$ (1,750.0)			Strikes item for state museum exhibits.
47	5	221	PED			X	Strikes language identifying parts of funding for use for school districts, charters, BIE, tribally controlled schools, and nonprofits.
48	5	223	PED			X	Strikes language for \$1 million dollar item to be used in Dona Ana county.
49	5	223	PED			X	Strikes language identifying \$500 thousand item for legal fees related to Yazzie Martinez lawsuit.
50	5	223	RECs			X	Strikes language identifying REC 6 to conduct a study of reading performance leaving "to conduct student reading."
51	5	224	HED			X	Strikes language identifying funding to be used for exams.
52	5	224-225	HED			X	Strikes part of language identifying \$25 million to be used to increase the maximum annual amount of loan repayment for physicians.
53	5	225	HED			X	Strikes language identifying use of an unexpended balance.
54	5	225-226	UNM			X	Strikes language calling for \$3 million to be used for a study leaving "for healthcare."
56	5	227	UNM			X	Strikes language calling for \$5 million to be used for "faculty supports".
56	5	227	UNM	\$ (750.0)			Strikes item for a comprehensive movement disorders clinic.
57	5	228	UNM			X	Strikes descriptions, independent psychiatric facilities and critical access hospitals for \$24 million item for rural residencies and residency rotations.
58	5	229	UNM			X	Strikes direction to provide \$100 thousand for a study of utility affordability to BBER.
59	5	229	NMSU	\$ (200.0)			Strikes item for a state child welfare blueprint.
60	5	230	NMSU	\$ (750.0)			Strikes item for a Medicaid review system.
61	5	232	NM Tech			X	Strikes language for how to direct the \$22 million to the bureau of geology and mineral resources.
62	5	234	SFCC			X	Strikes language directing the use of the \$250 thousand for "research" for the first born home visiting program.

Section	Page	Agency	General Fund	OSF/ISIA/FF	Total	Language Only	Veto Description
63	234	NMMI				X	For the \$60 thousand item strikes language as follows "for advanced ball-tracking technology."
64	236	OSI	\$ (650.0)				Strikes item to settle the Ohkay Owingeh cyber attack.
65		Sections 5 & 6 Total	\$ (5,250.0)	\$ (7,250.0)	\$ (12,500.0)		
66	243	Appropriation Contingency Fund	\$ (30,000.0)				Strikes transfer to the ACF that was contingent on enactment of HB180 which was vetoed.
67	243	Other transfers				X	Vetoes item B allowing for transfer of \$50 million from the ACF contingent on enactment of HB180 which was vetoed.
68	243	Other transfers				X	Vetoes item C allowing for transfer of \$150 million from the operating reserve contingent on enactment of HB180 which was vetoed.
69		Section 8 Total	\$ (30,000.0)		\$ (30,000.0)		
70	245	DOT				X	To perform road safety audits and site assessments on state and local roads.
71	245	PED				X	Removes "randomized control" from pilot study description.
72	245	PED				X	Removes "randomized control" from pilot study description.
73	246	PED				X	Removes "randomized control" from pilot study description.
74	247	DOT				X	To perform road safety audits and site assessments on state and local roads.
75	247	PED				X	Removes "randomized control" from pilot study description.
76	247	PED				X	Removes "randomized control" from pilot study description.
77	247	PED				X	Removes "randomized control" from pilot study description.
78	249	DOT				X	To perform road safety audits and site assessments on state and local roads.
79	249	PED				X	Removes "randomized control" from pilot study description.
80	249	PED				X	Removes "randomized control" from pilot study description.
81	249	PED				X	Removes "randomized control" from pilot study description.
82	250	Court of Appeals				X	Removes direction to spend half of \$150 thousand appropriation in each fiscal year (FY27 and FY28).
83	250	AOC				X	Removes direction to spend half of \$150 thousand appropriation in each fiscal year (FY27 and FY28).

Section	Page	Agency	General Fund	OSF/IS/A/FF	Total	Language Only	Veto Description
84	251	DFA				X	Removes language identifying civil legal services to use funding for "extraordinary litigation expenses."
85	251	DFA				X	Removes language allowing for funding to be used to safeguard public health and support economic prosperity and growth through capacity building and maintenance.
86	251	DFA				X	Removes language calling for half of the appropriation to be sent to Bernalillo counties legal assistance eviction program for a two-year pilot.
87	251	DFA				X	Removes language calling for homelessness prevention item to be used for prevention "that targets measures to keep at-risk individuals in their homes.
88	252	DFA				X	Removes language detailing use of appropriation by town of Bernalillo.
89	252	DFA				X	Removes language detailing use of appropriation by village of Jemez Springs.
90	252	DFA		\$ (150.0)		X	Eliminates appropriation for a qualitative behavioral health metrics data collection system
91	252	DFA				X	Removes "for transportation" from item for Toas county ambulance.
92	253	DFA				X	Removes direction to spend half of \$450 thousand appropriation in each fiscal year (FY27 and FY28).
93	254	DFA				X	Removes direction to spend half of \$450 thousand appropriation in each fiscal year (FY27 and FY28).
94	254	DFA				X	Removes direction to spend half of \$150 thousand appropriation in each fiscal year (FY27 and FY28).
95	255	DFA				X	Removes direction to fund "thirty" paid pre-apprentice and intern positions.
96	255	DFA				X	Removes language identifying appropriation to be used for data collection, updated research, and engagement.
97	256	DFA				X	Removes language identifying use by the To'Hajilee school leaving just To'Hajilee in item description.
98	257	DFA				X	Removes direction to spend half of \$150 thousand appropriation in each fiscal year (FY27 and FY28).
99	257	DFA				X	Removes "Volcano Vista" from item.
100	257-258	DFA				X	Removes language from \$150 thousand item leaving item as "to provide primary care and chronic disease management to residents of Torrance county and Santa Fe county."

Section	Page	Agency	General Fund	OSF/ISIA/ FF	Total	Language Only	Veto Description
101	258	DFA				X	Removes target of serving "one hundred" incarcerated or previously incarcerated youth...
102	260	DFA				X	Removes language calling for expansion of economic mobility and workforce stability programs and removes description of use of item for "hospitality" workers and removes use of money in partnership with a specific foundation.
103	260-261	DFA		\$ (150.0)			Removes item for study and development of a plan for implementation of the cambiar model of juvenile justice in the NE quadrant of NM.
104	263	DFA				X	Removes description of "fifty-unit" supportive housing complex.
105	269	OSI				X	Removes direction to spend half of \$150 thousand appropriation in each fiscal year (FY27 and FY28).
106	271	DOH				X	Removes direction to spend half of \$150 thousand appropriation in each fiscal year (FY27 and FY28).
107	273	HED				X	Removes "KSFR" from description of item to be directed at operating costs of a radio station at SFCC.
108	274	HED				X	Removes direction to spend half of \$150 thousand appropriation in each fiscal year (FY27 and FY28).
109		Section 9 Total	\$ -	\$ (300.0)	\$ (300.0)		
110	279	Medical Board				X	Vetoes budget authority for increases up to \$550 thousand due to the failed attached contingency of HB127.
111	280	NMED				X	Vetoes cap of \$1 million of ISF transfers from the hazardous waste emergency fund for Environment Department.
112		Grand Total	\$ (42,912.0)	\$ (10,482.4)	\$ (53,394.4)	-	