

LFC Requester:	
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 1/22/2024

Bill No: HB 177

Sponsor: M. Dixon; G. Armstrong; P. Wood; P. Campos
Short Title: NM MATCH FUND

Agency Name and Code Number:

Department of Finance and Administration-341

Person Writing

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	100,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 177 (HB177) creates the New Mexico Match Fund (“Match Fund”) as a non-reverting fund in the State Treasury and appropriates \$100 million from the general fund to this Fund. The Department of Finance and Administration (DFA) will administer the Fund for the purpose of the Fund. DFA may use money in the Fund to: (1) make grants to an eligible entity for state matching funds for federal grants and to offset higher project costs incurred to comply with federal requirements; (2) make grants to an eligible entity that receives a grant for state matching funds for federal grants to administer that grant provided that a grant shall not exceed five percent (5%) of the combined total amount of the federal grant and state matching funds awarded to an eligible entity, and (3) use to administer the Fund provided that the DFA use no more than three (3) percent of the total appropriation amount. DFA will track the federal funds leveraged through the Match Fund and report annually to the Legislative Finance Committee.

This bill has an emergency clause and would take effect immediately upon signature by the governor.

FISCAL IMPLICATIONS

HB177 appropriates \$100 million from the general fund to the Match Fund for expenditures in fiscal year 2025 and subsequent fiscal years to provide grants. Up to three percent of the appropriation can be used by DFA for administration of the fund.

SIGNIFICANT ISSUES

New Mexico is presented with a unique opportunity to leverage once-in-a-lifetime federal funding for infrastructure, research, economic development, energy transition, and other projects that foster healthy communities. Many federal programs require matching funds, sometimes up to 50% of the federal award amount. State agencies, tribal governments, counties, municipalities, and other entities who are eligible to apply for federal grants may devote significant time and resources to identify required match funding and still come up short. This bill would ensure that the lack of

match funding is not a hindrance to infusing federal dollars into our communities.

Additionally, in some cases, New Mexico communities cannot leverage federal dollars because federal requirements can drive up the total cost of a project. For example, federal funding requirements in the *Build America, Buy America Act* sometimes result in higher project costs because the domestic manufacturing sector is still growing to meet current rising demands for materials. The higher costs may leave communities no choice but to opt out of federal programs. Without the New Mexico Match Fund, the state lacks a mechanism to strategically use state funds to mitigate these incremental costs so that communities do not opt-out.

HB177 creates a new reliable and flexible source of funding to be used by state, tribal, and local entities seeking federal grants that require matching funds to be eligible. The Match Fund will also create opportunities for match grant recipients to receive an additional grant award to cover the costs of administering their project, thereby addressing the lack of capacity that too often holds our communities back from making needed investments. This bill will prioritize state funding for match and enhance support in pursuing and managing federal grants which will result in the state being more competitive for federal dollars.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

DFA has been successful in implementing smaller matching grant funds appropriations. During FY2024 DFA received 42 applications totaling over \$10.3 million for the FY24 matching funds appropriation of \$10 million. DFA awarded 41 projects totaling the full appropriation of \$10 million. The total federal funds leveraged with these projects is nearly \$86 million. That is more than \$8 for every \$1 of state funding awarded to these county, municipal and regional entities across New Mexico.

DFA will administer the Match Fund through an application that includes criteria formed through a collaborative process with various stakeholders to ensure broad distribution of funding statewide. The nimble and rolling application process will provide eligible entities with access to funding when they need it in order to meet federal application deadlines.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS