

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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{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: Reps. Dixon, Herrera, &
Armstrong; Sens. Woods &
Campos
Short Title: New Mexico Match Fund

**Agency Name
and Code** EMNRD-521
Number: _____

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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: N/A
 Duplicates/Relates to Appropriation in the General Appropriation Act – Unknown

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 177 (HB 177) creates a new fund, the “New Mexico Match Fund”, in the State Treasury. This fund is administered by the Department of Finance and Administration. The purpose of the fund is to make grants to eligible entities for state matching funds for federal grants and to offset higher project costs incurred to comply with federal requirements. HB 177 appropriates \$100,000,000 to the Fund in FY25 for expenditure in that year and all subsequent fiscal years to the New Mexico Match Fund. Any unused monies in the Fund do not revert, but remain in the fund.

Eligible entities include: counties, cities, towns, or villages; a drainage, conservancy, irrigation, soil and water conservation, water, or sanitation district; a mutual domestic water consumers association; a public water cooperative association; a community ditch association; a public post-secondary educational institution; the state of New Mexico or any of its branches, agencies, departments, boards, instrumentalities or institutions; any other political subdivision of the state; or a federally recognized Indian nation, tribe or pueblo, the boundaries of which are located wholly or partially in New Mexico.

FISCAL IMPLICATIONS

There is an enormous, once-in-a-lifetime amount of federal funding currently available to states, local governments, and other public bodies for infrastructure build-out, clean energy development, workforce training, environmental remediation, and a whole host of other important functions. Over the past year, New Mexico has seen difficulty in finding the requisite ‘local match’ or ‘state match’ that many of these federal funding opportunities require. This difficulty extends from small mutual domestic associations (who may never have had match funding to offer at all) all the way up to large state agencies, who have not been able to have match funding appropriated in advance by the legislature. Historically, a lack of readily accessible local/state match means that New Mexico has missed out on some federal funding opportunities unnecessarily.

The New Mexico Match Fund would address this problem directly. For one example, specific to the Energy, Minerals, and Natural Resources Department (EMNRD), take the Grid Resilience State and Tribal Formula Grant awards from the federal Department of Energy (DOE). These awards – more than \$14 million so far – are guaranteed to come to New Mexico through the State Energy Office (the Energy Conservation and Management Division of EMNRD) in order to strengthen New Mexico’s electric grid. However, if EMNRD does not have access to a yearly sum of 15% of the total award as ‘state match’, none of that money (which is otherwise guaranteed)

will come to New Mexico. In the FY24 and FY25 budget requests, EMNRD has had to request special appropriations from the legislature for this match. The New Mexico Match Fund would alleviate the need to ask the legislature for this match every year, making it far easier to guarantee a steady stream of federal funding for modernizing the state's electric grid.

SIGNIFICANT ISSUES

See Fiscal Implications.

PERFORMANCE IMPLICATIONS

EMNRD would benefit from a streamlined, one-stop shop grant fund to obtain federal matching funds. Such a fund would provide continuity and certainty for agency implementation of statutory federal programs (see ECMD example above). Furthermore, communities which EMNRD works closely with (like those who are receiving federal Community Wildfire Defense Grants administered by the Forestry Division) would be more likely to participate in these important, property and livelihood-protecting forest management programs, if they knew they could apply for matching funds from the New Mexico Match Fund. Right now those programs/communities are forced to identify matching opportunities within existing budgets, which is not always possible within existing timeframes.

ADMINISTRATIVE IMPLICATIONS

None for EMNRD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

A New Mexico Match Fund to support state and local matches for federal grants will not be created, and both local governmental bodies and state agencies will likely continue to miss out on the full range of federal funding opportunities available, but for access to match funds.

AMENDMENTS

N/A