

LFC Requester:

Joseph Simon

**NMDOT BILL ANALYSIS  
2025 REGULAR SESSION**

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

**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:

Date Prepared: 3/5/2025

Original  Amendment

Bill No. HB 145/HTPWC/a

Correction  Substitute

Sponsor: Dayan Hochman-Vigil, Patricia A. Lundstrom, Art De la Cruz, Cathrynn N. Brown, and Nathan P. Small

Agency/ Code: NMDOT - 805 - Revenue Planning

Person Writing Analysis: Michael Morrison

Short Title Additional Highway Project Bonding

Phone: 505-660-9326

Email: [Michael.morrison@dot.nm.gov](mailto:Michael.morrison@dot.nm.gov)

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Not applicable.

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
1,124,000	46,500	46,500	Nonrecurring	State Road Fund
<b>1,124,000</b>	<b>46,500</b>	<b>46,500</b>	<b>Nonrecurring</b>	<b>Total</b>

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	(108,000)	(108,000)	(108,000)	(324,000)		State Road Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Subject to approval by the State Transportation Commission (STC), House Bill 145, as introduced (HB 145), would allow for the issuance of an additional \$1.5 billion in bonds to fund road projects. The bonds are to be secured by or payable to applicable federal funds or from taxes or fees not otherwise obligated and required by law to be paid into the State Road Fund. There is a stipulation that the aggregate outstanding principal amount of bonds issued does not exceed \$1.124 billion.

HB 145, as amended by the House Transportation, Public Works and Capital Improvements Committee (HB 145/HTPWC/a), made two changes to HB 145. First the amendment added a restriction that funds received from bond issuances must be spent on state highway projects identified in the Statewide Transportation Improvement Program (STIP). Prior to the amendment, funded highway projects did not need to come from the STIP.

Second, the amendment added a requirement that NMDOT supplement the budget form submitted pursuant to Section 6-3-18 NMSA 1978. The supplement would report the justification for the selection and priority ranking of each project financed with bond issuances, the expected life of the proposed project, the amount of revenue required to pay the principal and interest of outstanding proposed bonds based on a 5- and 20- year forecast of the State Road Fund, and the effect of the bond program on the NMDOT's construction and maintenance program.

### **FISCAL IMPLICATIONS**

Subject to approval by the STC, the New Mexico Department of Transportation (NMDOT) could receive a maximum of \$1.124 billion in revenue from the issuance of new bonds in FY26. In FY27 and FY 28, after payments to the bond's principal, the NMDOT could issue an additional \$46.5 million each year. This assumes the initial FY 26 bonds have a 25-year term.

For simplicity, it is assumed that all \$1.124 billion of bonds are issued in FY 26; however, it is more likely that to reduce the amount of the annual payments, bonds will be issued as projects become ready.

At full bonding capacity, it is assumed, based on current and forecasted interest rates, that annual bond payments will be approximately \$108 million per year.

HB 145/HTPWC/a does not substantially alter the fiscal implication of this bill.

### **SIGNIFICANT ISSUES**

Annual payments for the increased bonding capacity are estimated to be approximately \$108 million per year. In the absence of additional revenue sources, regular spending by the NMDOT will need to be reduced by up to \$108 million each year.

HB 145/HTPWC/a requires a report on the amount of revenue required to pay the principal and interest of outstanding and proposed bonds based on a 5- and 20-year forecast of the state road fund. As the time horizon for forecasts increases the forecasted values become more unreliable. It is uncertain whether a 20-year forecast will have much, if any, actual value in planning.

## **PERFORMANCE IMPLICATIONS**

### **ADMINISTRATIVE IMPLICATIONS**

There will be a significant administrative burden associated with the issuance of new bonds. The NMDOT will be required to generate and update several disclosure reports and meet with several attorneys and bonding agencies over the course of several weeks in preparation for each bond issuance.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None identified.

### **TECHNICAL ISSUES**

None identified.

### **OTHER SUBSTANTIVE ISSUES**

None identified.

### **ALTERNATIVES**

None identified.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The NMDOT will have to meet its construction and maintenance obligations at current funding levels.

### **AMENDMENTS**

None suggested.