

**LFC Requester:****Cally Carswell****AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.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}*

**Date Prepared:** 2/23/2025 *Check all that apply:*  
**Bill Number:** SFCS/SB 115 Original  Correction   
 Amendment  Substitute

**Sponsor:** Michael Padilla **Agency Name and Code:** NMFA (385)  
**Short Title:** Public Project Revolving Fund Projects **Person Writing:** Marquita Russel  
**Phone:** 505-660-8170 **Email:** Mrussel@nmfa.net

**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
None	None	N/A	N/A

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
None	None	None	N/A	N/A

(Parenthesis ( ) indicate revenue decreases)

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

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NFI	NFI	NFI	NFI	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to : HB 41 Public Project Fund Appropriations,  
 SB 170 NMFA Definitions, Funds & Rates

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

SFCS/SB 115, endorsed by the New Mexico Finance Authority Oversight Committee, authorizes the New Mexico Finance Authority (“NMFA”) to make loans from the Public Project Revolving Fund (“PPRF”) to the 199 qualified entities located in 32 counties based on terms and conditions established by the NMFA. This bill contains an emergency clause.

The Committee Substitute makes two technical corrections, expands seven authorizations to include more potential projects, and adds 45 qualified entities to SB 115. to be included in the bill and makes other technical corrections to the bill related to project types and an entity name.

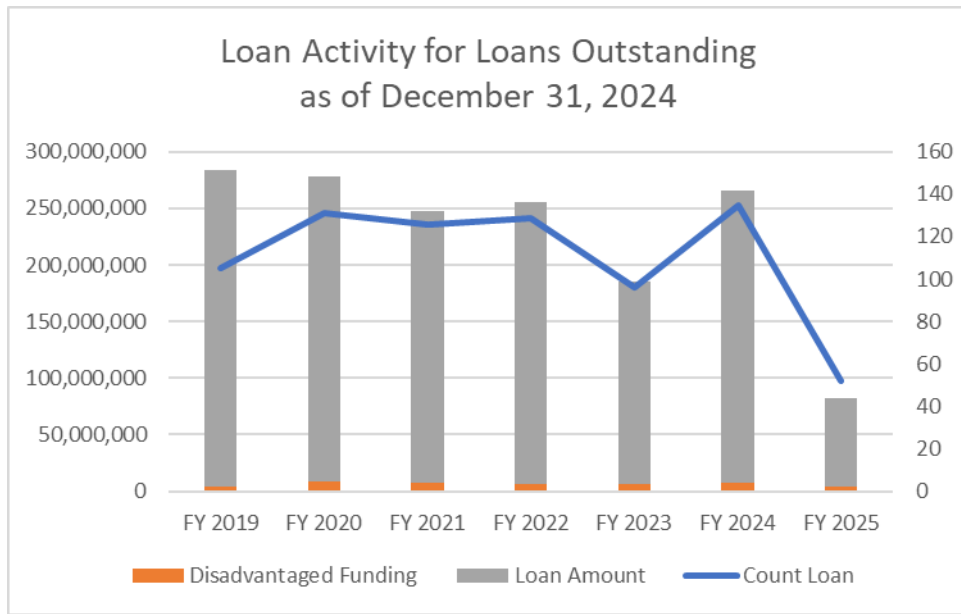
The bill voids legislative authorization if a qualified entity does not certify to the NMFA by the end of fiscal year 2028 its intent to pursue a loan from the NMFA.

### **FISCAL IMPLICATIONS**

SB 115 does not appropriate funds. The passage of SB 115 allows authorized, qualified entities to apply to the PPRF for loans to finance their capital projects. Financing through the PPRF reduces borrowing costs to qualified entities as they will receive competitive interest rates available to NMFA because of its ‘AAA’ rating from S & P Global Rating Services. Additionally, interest rates may be subsidized in instances where borrowers qualify for disadvantaged entity funding. The disadvantaged entity rates are determined based on an entity’s Median Household Income (“MHI”) in relation to the State’s MHI and provides up to \$500,000 in loans at either 0% or 2% interest rates per entity per fiscal year.

NMFA Bonds are not obligations of the State and are not a factor in State bond ratings. The separate, stand-alone existence of the NMFA and the PPRF increases the overall capacity of the State to support infrastructure financing, especially for economically challenged communities.

NMFA has made over 2,334 loans from the PPRF totaling more than \$4.97 billion. As of December 31, 2024, there are 1,149 PPRF loans outstanding totaling \$1.83 billion. The attached graph showcases the recent history of loans made from the PPRF.



	Count Loan	Disadvantaged Funding	Loan Amount
FY 2019	105	4,606,549	279,115,923
FY 2020	131	8,638,404	269,810,023
FY 2021	126	7,246,841	240,166,964
FY 2022	129	6,477,969	248,557,992
FY 2023	96	5,965,907	179,562,316
FY 2024	135	7,780,773	258,455,406
FY 2025	52	4,593,000	77,759,616

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 41 appropriates \$13.25 million from the Public Project Revolving Fund to three funds, two of which are administered by the NMFA. Senate Bill 170 expands the use of the PPRF to make rural electric cooperative pursuant to the Rural Electric Cooperative Act a Qualified Entity.

**OTHER SUBSTANTIVE ISSUES**

The authorization provided in SB 115 does not guarantee that a project will receive a PPRF loan, as PPRF loans will only be made to those entities that can identify a sufficient repayment source and meet other financial criteria established by the NMFA.

In 2024, the NMFA established a new indentured program within the PPRF bond program. This Junior Lien allows NMFA to fully leverage the value of the Governmental Gross Receipts Tax and provide funding to less traditional public projects such as loans to Land Grant-Merced, Charter Schools, Public Improvement Districts, and Nonprofit Housing Developers without impacting the high ratings enjoyed by the Senior and Subordinate liens. Several projects on SB 115 will likely be funded from bonds issued in this new Junior Lien.

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

The 199 entities included in SFCC/SB 115 would not be able to apply for a PPRF loan in excess of \$1 million. These entities would be required to seek alternative financing which could increase their borrowing costs and delay critical infrastructure projects.